

JOSEPH R. JACKMAN
CORRESPONDENCE
JANUARY 1 thru JUNE 30, 2006



SDMS DocID

2147236



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX & MAIL

June 30, 2006

Mr. Roger Ferrante
Director of Client Relations/
Senior Business Advisor
The Dolan Group
68 Buhl Boulevard
Sharon, PA 16146

RE: Increased Business Starting July 24

Dear Roger:

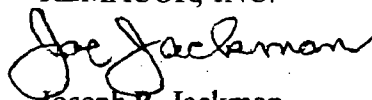
With the sales (fees on material to process) for this week and next of about \$53,000, it allowed us to work out an arrangement with Penn Power to energize our Briquetting Building so that we can begin briquetting and selling the magnesium turnings. We plan on starting production the week of July 24. I am sending along a Proforma Monthly Income Statement. I have also included a FSOH and G&A expense breakdown. I had not anticipated the additional \$35,000 in sales/income over this two-week period. We have only been averaging about \$40,000 per month and the additional cash allows us to spend about \$15,000 - \$20,000 to get the briquetter operational. We do not have a problem selling the briquettes.

If we can meet this goal, it really takes the pressure from a number of areas. We will be selling 160,000 pounds per month of magnesium turnings, which makes the DEP very happy, and generating roughly \$17,000 in cash each month. This also gives you time to try to put together a refinancing package that makes sense. The very fact that we now have been able to put together some semblance of an operation should make the refinancing project somewhat easier. It also allows us to work out arrangements with S&T Bank and Sky Bank on paying interest on the debt until we can get something resolved.

If you have any questions, please give me a call.

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

CC: James W. Krauss, Esq.

Enclosures

TO: JRJ
JLL

FROM: MJL

DATE: 6/27/06

SUBJECT: TIP Trailers

Eaton Rapids – Autumn will pick up the van on Monday and bring it to the plant. The freight rate is \$1150 plus fuel.

Contech - When the trailer if full, we will send Autumn to pick it up and then Contech will have to find their own trucking company.

Spartan - Steve checked their lot. There are no TIP trailers.

Joseph R. Jackman

From: "Joseph R. Jackman" <remacor@icubed.com>
To: "Barry Trilling" <btrilling@wiggin.com>
Sent: Friday, June 23, 2006 8:50 AM
Subject: Potential Investor in Remacor

Barry,

You will be receiving a phone call from an Ellis Rubenstein of Renovated Metals of Phoenix, Az. Ellis's family has been extremely successful in the scrap metal business and he is a personal friend of my brother-in-law who just sold his brokerage business in New York for \$20.0 million. Both are about 47 yrs. old and are seriously interested in investing very quickly in Remacor.

Ellis has received all the Performa's, visited the plant and is ready to make a decision. He indicated that presently there are only two issues that he needs to get more information on and comfort with and they are the environmental situation and being able to secure the property from the County. I explained everything to him and told him to contact you for a more professional and legal opinion. He indicated this morning that he will try to contact you today.

Sincerely,
Joseph R. Jackman
President
Remacor, Inc.
P.O. Box 366, Route 168
West Pittsburg, PA 16160
Phone: 724-535-4357
Fax: 724-535-7761

6/23/2006



Office of the President

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West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
203-363-7676

June 21, 2006

Barry J. Trilling, Esq.
Wiggin and Dana LLP
400 Atlantic Street
P.O. Box 110325
Stamford, CT 06911-0325

RE: West Pittsburg Property

Dear Barry:

We have finally reached an agreement on Friday, June 16, with the DEP of PA on the Consent Decree for Petition for Preliminary Injunction. The agreement restricts the continued receiving and storing of raw materials at the West Pittsburg site and sets forth a timeline on which certain corrective actions must be taken to be in compliance over the next two years. We have overcome the raw material restriction by leasing another facility about 15 miles away for one year. The Agreement will be signed very shortly. If you would like a copy, please let me know.

The \$1.5 million refinancing program is coming along slowly but surely. We should have everything in place by September 1. It has been a very difficult and complex transaction, as you can imagine, with the history surrounding Remacor.

One of the more pressing problems we had was the bank took the final \$125,000 insurance check on May 23 completely disregarding our refinancing project and the term sheets we have from several investors. This, of course, really put pressure on our already anemic cash flow situation.

Barry, I realize you are limited by what you can do because of the outstanding balance that is due your firm. However, I was hoping you could make a phone call to Tom Leslie, City Solicitor, to explain our situation and hopefully get them to cooperate in holding off on

Barry J. Trilling, Esq.

June 21, 2006

Page 2

scheduling a "free and clear" sale of the West Pittsburg property until we are in a position to begin implementing our plans to acquire the property. At my meeting of April 28, they indicated they would postpone the sale until after July 1. Hopefully, you can convince Leslie to postpone any action on the property until after September 1. This should give us plenty of time to get things worked out.

Incidentally, I am also sending you a copy of the history I gave the Lawrence County Commissioners at the April 28 meeting.

Sincerely,

REMACOR, INC.

A handwritten signature in cursive script that reads "Joe".

Joseph R. Jackman
President

JRJ/mjl

Attachment

THE STORY OF REACTIVE METALS & ALLOYS CORPORATION (REMACOR)
HOW REMACOR, INC. CAME INTO EXISTENCE
POSSIBLE SOLUTION TO THE PROPERTY OWNERSHIP SITUATION

Introduction

Remacor, Inc. has developed and patented a process for converting magnesium scrap into magnesium powder and granules, which it sells to the steel industry for use as a desulfurization agent. The primary supplier of magnesium powder and granules into North America, other than RI, is the People's Republic of China. As the only United States producer of magnesium granules for hot metal desulfurization, RI has experienced increased demand for its product, which requires it to increase its production capacity. RI's production facilities occupy about 30 acres of a 40-acre tract in West Pittsburg. As currently configured, these facilities do not provide the company the ability to adequately meet its production demands. Reconfiguring RI's West Pittsburg operations and installing the additional needed production facilities would enable RI to continue to prosper and grow. This growth would result in doubling the company's current workforce to 70 or more employees. RI's best alternative consists of relocating to Columbiana County, OH. This move would entail a Greenfield project, relying on a subsidy from local authorities to replace the needed infrastructure RI would require to locate there. RI prefers not to undergo a move to Ohio that would result in the replacement of a highly skilled and loyal workforce and a disruption in its ability to provide a continuing supply of product to its customers. For reasons discussed below however, RI needs Lawrence County's assistance on site acquisition for it to remain in West Pittsburg.

Background

RI, a Pennsylvania corporation, was incorporated in May 2002. RI began operations February 9, 2004, continuing without interruptions the operations of the West Pittsburg facility of Reactive Metals & Alloys Corporation. RMA (sometimes also known as Remacor) had conducted its business at the West Pittsburg site for more than 28 years.

RMA grew from \$1.0 million in sales with 25 employees in 1975 to over \$50.0 million in sales and 200 employees by 1982, producing metallurgical additives for ingot additions in the

steel industry. From 1982 through 1990, the steel industry transitioned from ingot cast to continuous cast steelmaking, thereby forcing RMA to dramatically change its product line and to expand and modify its production facility at great expense. This modification entailed an extremely expensive transition from products for ingot mold additions to hot metal desulfurization for the continuous caster. This radical and expensive change in product and service to a struggling and declining steel industry compelled RMA to merge with its competitor, Rossborough Manufacturing Company ("RMC"), of Cleveland, Ohio in 2001. As a condition of the merger, RMA filed Chapter 11 bankruptcy to eliminate the burdensome debt incurred in making the transition into the hot metal desulfurization business. A new entity, "Rossborough-Remacor, LLC" ("RR") was organized for the purpose of acquiring the assets of both RMC and RMA. When RMA filed its Chapter 11 petition with the Bankruptcy Court on March 7, 2001, it also filed a motion requesting the Court to authorize sale of its operating assets other than the West Pittsburg real estate to RR. That asset sale closed on July 31, 2001 and under the sales agreement, in exchange for the sale of assets to RR, RMA received \$200,009 in cash from RR and a subordinated note for \$3,800,000, which was later adjusted to \$3,200,000 as a result of the non-transfer of certain real estate. In addition, RR agreed to make twenty-four monthly interest only payments of \$16,166 to RMA. The RMA Plan also required RR to make quarterly principal payments in the amount of \$266,666.67 beginning August 1, 2003, plus interest at the rate of 10% per annum on the unpaid principal balance. The estate of RMA also received a 40% interest in RR as additional consideration for the sale of its assets. RMA then in August 2001 entered into an exclusive supply agreement with RR for the manufacture and supply of magnesium powder and granules.

The RMA Plan also created a Liquidation Trust. Upon confirmation, all the cash and other property of the RMA estate (including the receivable from RMA and the equity interest in RR referred to above, but excluding the West Pittsburg property) were transferred to the Liquidation Trust. The reorganized RMA continued to operate as a captive production facility for the sole purpose of supplying RR with magnesium granules used for hot metal desulfurization pursuant to the exclusive supply agreement. The only asset of the reorganized RMA consists of the West Pittsburg real estate.

The RMA Plan called for the Board of Directors of RMA to be reconstituted and to consist of three members, approved by both RMA and the Creditors' Committee. It also called for the Liquidation Trustee to become the Chief Executive Officer (CEO) of RMA, with Charles Willison to serve as Secretary and Chief Financial Officer (CFO) of RMA. Although RMA continued to fulfill its supply contract obligations to RR, RMA's Board of Directors never was reconstituted and the Liquidation Trustee did not become the CEO. Pennsylvania law did not require RMA to prepare or submit to Pennsylvania state authorities any new or amended papers reflecting its reorganized structures, and it did not do so.

Meanwhile, the recent bankruptcy filings of many U.S. steel producers had reduced RR's income by more than \$5.5 million during the three years ending in June 2003. As a result, RR filed a Chapter 11 bankruptcy in Ohio in 2003. Although the RR bankruptcy brought a practical end to the exclusive RMA supply agreement with RR, the RMA facility remained capable of continuing operations. This gave RI the opportunity to purchase the manufacturing equipment and technology for the production of magnesium granules from the bankrupt estate of RR and to save the 35 jobs at the West Pittsburg plant. Although the new RI shares the "Remacor" name with its predecessor entities, it does not carry the burden of the former companies' debts.

On October 31, 2003, under a Bankruptcy Code Section 363 sale, RI purchased RR's equipment and technology for processing secondary magnesium scrap, i.e., that part of RR's technical/industrial process that RR had earlier purchased from RMA. Since acquiring legal rights to this equipment and technology, RI has experienced rapid growth in demand for its magnesium powder and granule products. It plans to install equipment utilizing new technology that processes post-consumer scrap, oily magnesium turnings, and oily magnesium scrap into magnesium powder and granules to expand the plant's capacity to 5,000 TPY from 1,000 TPY over a 2-year period. Estimated costs to complete the project in West Pittsburg amount to approximately \$2.5 million.

Although RI now owns the equipment and process needed to go ahead with its project, it does not own the real property on which its business operates. Rather, legal title to the property lies with the reorganized RMA. RMA is merely a shell – a defunct, phantom company with no board of directors, no employees, no plant, no office, and nothing other than an "official"

existence with a single asset – the West Pittsburg real estate on which the RI plant now stands. RI is not a tenant or lessee of the property, but a mere occupant with no clearly articulated legal right to occupy the property. This problem is the heart of why RI now calls on Lawrence County for assistance.

Possible Solution to Resolving Property Ownership

The County may take for itself the property it is now offering at the “free and clear” sale via a condemnation action (an “involuntary” acquisition) and thereby qualify for protection from both CERCLA liability (42 U.S.C. § 9601(20)(D), “state or local government” exception) and HSCA liability, (HSCA Section 701(b)(1)(vi)(B) “government entity” exception). The County thus has liability protections that do not require consideration of “all appropriate inquiry” and “reasonable steps.” Further, like LCEDC, the County is eligible to apply for state and federal funds for site assessment and remediation. Under this scenario, the County would keep the property while it goes through the application process for state and federal funds. If it does not obtain the funds and Remacor does not choose to pay the needed amounts for assessment and/or remediation, the County would retain the land without liability. If a Phase II assessment indicates that the cost of cleanup will not prevent the deal from going forward, Remacor could enter into a lease/purchase agreement for its 40 acres directly with the County instead of with LCEDC. This has certain obvious advantages, such as simplifying the process and not having to deal with LCEDC’s problematic potential liability situation.

Confirmation Report - Memory Send

Page : 001
Date & Time: 21-Jun-06 08:00am
Line 1 : +
Machine ID : REMACOR WEST PGH

Job number : 567
Date : 21-Jun 07:58am
To : 21-203 363 7676
Number of pages : 006
Start time : 21-Jun 07:58am
End time : 21-Jun 08:00am
Pages sent : 006
Status : OK

Job number : 567

*** SEND SUCCESSFUL ***



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June 21, 2006

Barry J. Trilling, Esq.
Wiggin and Dana LLP
400 Atlantic Street
P.O. Box 110325
Stamford, CT 06911-0325

RE: West Pittsburg Property

Dear Barry:

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Barry, I realize you are limited by what you can do because of the outstanding balance that is due your firm. However, I was hoping you could make a phone call to Tom Leslie, City Solicitor, to explain our situation and hopefully get them to cooperate in holding off on

"It's Performance That Counts"



Office of the President

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June 16, 2006

Mr. Michael B. Morrissey
Director of Business Development
Inverness Capital Partners
The Graham Group
3811 West Chester Pike
Building 2, Suite 100
Newtown Square, PA 19073

RE: Investment Opportunity in Remacor, Inc.

Dear Mike:

We are the only company in North America and the world, to my knowledge that has patented technology and proprietary know-how to process/recycle certain types of hazardous oily magnesium scrap into magnesium granules, which are sold into the steel industry for hot metal desulfurization.

After struggling for 26 years in the collapsing steel industry, I merged Reactive Metals & Alloys Corporation (REMACOR) with a competitor, Rossborough Manufacturing Company of Cleveland, in July 2001. Each company was doing about \$50.0 million in annual sales at the time of the merger. I had given up controlling interest in the merged company in exchange for a 10-year non-compete agreement plus a position as executive vice president. My responsibilities were to continue to develop the magnesium scrap recycling technologies at the West Pittsburg facility. Continued steel industry bankruptcies and some poor business decisions in merging the two companies, forced the merged company, Rossborough-Remacor, LLC, to file bankruptcy in June of 2003. This gave me the opportunity to purchase the assets and technology at the West Pittsburg facility back from the bankrupt Rossborough-Remacor, LLC estate in February 2004.

I chose the name of Remacor, Inc. because the "Remacor" name has been well known around the world in the steel and magnesium industries for over 30 years. This, as you can imagine, has created some confusion.

We began operations as Remacor, Inc. on March 1, 2004 and operated with 35 employees until our warehouse fire on August 6, 2005. Since our fire, we have been operating at a reduced

Mr. Michael Morrissey

June 16, 2006

Page 2

level. We are generating some income by receiving and inventorying our raw materials. We generate about \$30,000-\$40,000 per month on the fees we are paid to process the various forms of magnesium scrap. This has allowed us to operate at a reduced level until we can secure our financing to rebuild and expand the operation.

In 1987, we developed proprietary technology to process "hazardous oily magnesium turnings" into magnesium granules that are used in the steel industry to desulfurize hot metal. These magnesium turnings are generated by the magnesium die casting industry in machining various parts that are produced for the automotive industry. See Photographs 1 and 2 in the Photograph Booklet. After these die castings are produced, they are then machined to finished tolerances. The machining process is done under a water soluble cutting oil and generates the "oily magnesium turnings". See Photograph 4.

Many companies have tried to develop various processes over the past 20 year to remove the oil and none have been successful primarily because of the extreme reactivity of the Mg turnings and the problem in disposing of the clean Mg turnings. I developed this process because we were consuming about 1.5 million pounds of Mg powder per month produced from expensive Mg ingot that went into the desulfurization market in the steel industry. The oily Mg turnings, after processing, resulted in a low-cost Mg unit. We have processed more than 22,000 tons over the past 20 years.

In April 2004, I received a patent on a process that can be used to, not only recycle the oily magnesium turnings, but also post consumer scrap and oily magnesium scrap. The process patent is for the production of magnesium granules from these various forms of magnesium scrap. No one in the world has this process capability.

Regarding our proprietary and patent technologies, we have been contacted by Amacor of Anderson, IN, who has expressed an interest in purchasing our technology for the recycling of oily Mg scrap (not turnings). Amacor is the largest magnesium smelter (recycler of Class I magnesium die cast scrap in the United States). They want the ability to recycle oily magnesium scrap. (See Photograph 6 in the Booklet). They presently compete with about five smelters in the U.S. for about 80,000 TPY of recycling business. They have a 25,000 TPY facility and our technology would give them a tremendous advantage in securing the lion's share of the recycling market. It is a situation in securing the recycling contracts where, "you can have our Class I recycling business, but you have to take our crap." (See Photograph 6).

I'm including some correspondence with Amacor regarding the sale of our technology and a recent inquiry from Solikamsk of Russia also inquiring about the possibility of acquiring our technologies for both Mg turnings and oily Mg scrap.

We are presently putting together a rebuilding and expansion program of \$1.5 million that will begin generating sales of \$360,000 per month in six months with a net profit before taxes of approximately \$90,000. (See Cash Flow Projection for Equipment Installation and Startup Schedule.) An additional \$2.0 million investment in 2008 (forecasted from earnings)

will get the company to about \$12-13 million in annual sales by 2009. (See the Proforma Financial Statements for the Four Years Ending June 30, 2009.)

The \$1.5 million will come from the following:

- Equity Investor - \$ 300,000
- Sale of Technology - 1,000,000
- SBA 504 Loan - 400,000 – (Have term sheet)
- Working Capital - 125,000 – (Have term sheet)

Obviously, we would rather not sell our technology at this time or would at least like to be negotiating from a position of strength. Inverness Capital might have a different refinancing idea that would eliminate the necessity of selling the technology or at least put us in a position of strength for negotiations. I believe the technology is worth considerably more than \$1.0 million.

I have enclosed a copy of our Business Review, which gives you an overview of the business and the opportunity it represents and a copy of our Proforma Financial Statements. The Proforma Financial Statements were compiled in January 16, 2006 and do not accurately reflect the transactions shown on the May 31, 2006 Proforma Balance Sheet transactions. The January 16 Proforma Financials have \$1,000,000 in a loan for equipment where as the May 31 Proforma Balance Sheet reflects only \$400,000 in an SBA loan. The Sales and Income for the January 16, 2006 Proforma Financials are okay. In addition, I have included copies of other pertinent information that I felt would be helpful to you in reviewing this opportunity.

Mg granules are used in the steel industry for hot metal desulfurization. Presently there are 30,000 tons per year of Mg granules imported from China for use in the steel industry in North America. Our technology not only eliminates the landfilling of most of these hazardous waste materials here in the U.S., it also creates a product that is competitive with Mg powder presently dominated worldwide by the Chinese.

The Chinese have captured the magnesium market worldwide and have forced four major magnesium producers here in North America out of the magnesium production business: Alcoa (U.S.), Dow Chemical (U.S.), Timminco (Canada) and Magcan (Canada). The Chinese produce Mg granules from primary magnesium ingot and sell into the U.S. market at a cost of approximately \$1.00/lb. Remacor, Inc., with patented technology, can produce Mg granules by recycling Mg waste materials into Mg granules at a cost of approximately \$0.40/lb. This material is sold by Remacor at a cost of approximately \$0.85 - \$0.90/lb to the hot metal reagent producers here in the U.S. We sell every pound we can produce. We had a production capacity of only 1000 tons per year before the fire and want to increase our production capacity to 2500 TPY immediately with a three-year goal of 5000 TPY.

One other item I feel is important to note, because of our technologies, is the effort the Pennsylvania Recycling Market Center in trying to secure a federal grant for us because of our activities. Last November, I contacted the Deputy Secretary of the Department of Environmental Protection of Pennsylvania (EPA) to see if a state or federal grant was available in view of our recycling of hazardous waste activities. He was very positive and put me in touch with the

Mr. Michael Morrissey

June 16, 2006

Page 4

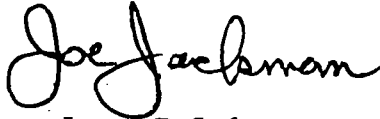
Pennsylvania Recycling Market Center and the Pennsylvania Technical Assistance Program (PENNTAP). The PRMC was created by the U.S. EPA specifically to help companies like Remacor, Inc, in all areas. The timeline on the grant is six to twelve months. I have included a letter from Bob Meneses of the PRMC regarding their assistance in securing a grant. We have just submitted a preliminary Abstract to the Department of Energy because of the huge energy savings in recycling the magnesium. Obviously, we may or may not be successful in securing the grant. This is not being factored into our refinancing requirements.

I hope all this information is not too overwhelming and disjointed. I apologize for not having it all in a neat and concise Offering Memorandum. Things have been developing so rapidly we just decided not to incur the expense.

If you need any additional information or have any questions, please don't hesitate to give me a call.

Sincerely,

REMACOR, INC.

A handwritten signature in black ink, appearing to read "Joe Jackman". The signature is fluid and cursive, with the first name "Joe" and last name "Jackman" clearly distinguishable.

Joseph R. Jackman
President

JRJ/mjl



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA UPS OVERNIGHT MAIL

June 15, 2006

Mr. Robert Lucke
Arvel, LLC
2260 Heather Hill Blvd.
Cincinnati, OH 45244

RE: Investment Opportunity in Remacor, Inc.

Dear Bob:

The following is an update on the refinancing project. We are seeking \$300,000 in equity or subordinated debt as part of a \$1.43 million financing package. I have enclosed a copy of our Business Review, which gives you an overview of the business and the opportunity it represents and a copy of our Proforma Financial Statements. The Proforma Financial Statements were compiled in January 16, 2006 and do not accurately reflect the transactions shown on the May 31, 2006 Proforma Balance Sheet transactions. The January 16 Proforma Financials have \$1,000,000 in a loan for equipment where as the May 31 Proforma Balance Sheet reflects only \$400,000 in an SBA loan. The Sales and Income for the January 16, 2006 Proforma Financials are okay. In addition, I have included copies of other pertinent information that I felt would be helpful to you in reviewing this opportunity.

We are the only company in North America and the world, to my knowledge, that has patented technology and know-how to process/recycle certain types of oily magnesium scrap into magnesium granules, which are sold into the steel industry for hot metal desulfurization.

After struggling for 26 years in the collapsing steel industry, I merged Reactive Metals & Alloys Corporation (REMACOR) with our competitor, Rossborough Manufacturing Company of Cleveland, in July 2001. Each company was doing about \$50.0 million in annual sales at the time of the merger. Continued steel industry bankruptcies and some poor business decisions in merging the two companies, forced the merged company, Rossborough-Remacor, LLC, to file bankruptcy in June of 2003. This gave me the opportunity to purchase the assets and technology at the West Pittsburg facility back from the bankrupt Rossborough-Remacor, LLC estate in February 2004.

Mr. Robert Lucke

June 15, 2006

Page 2

I chose the name of Remacor, Inc. because the "Remacor" name is well known around the world in the steel and magnesium industries. This, as you can imagine, has created a lot of confusion.

We began operations as Remacor, Inc. on March 1, 2004 and operated with 35 employees until our warehouse fire on August 6, 2005. Since our fire, we have been operating at a reduced level. We are generating some income by receiving and inventorying our raw materials. We generate about \$30,000-\$40,000 per month on the fees we are paid to process the various forms of magnesium scrap. This has allowed us to operate at a reduced level until we can secure our financing to rebuild and expand the operation.

We had to file suit in February against Lloyds of London in order to get them to pay the \$790,000 fire loss claim. After we filed suit in February 2006, Lloyds finally agreed to pay the claim in full.

Mg granules are used in the steel industry for hot metal desulfurization. Presently there are 30,000 tons per year of Mg granules imported from China for use in the steel industry in North America. Our technology not only eliminates the landfilling of most of these hazardous waste materials here in the U.S., it also creates a product that is competitive with Mg powder presently dominated worldwide by the Chinese.

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Our financing package consists of several parts. The first part is a federal grant. Last November, I contacted the Deputy Secretary of the Department of Environmental Protection of Pennsylvania (EPA) to see if a state or federal grant was available in view of our recycling of hazardous waste activities. He was very positive and put me in touch with the Pennsylvania Recycling Market Center and the Pennsylvania Technical Assistance Program (PENNTAP). The PRMC was created by the U.S. EPA specifically to help companies like Remacor, Inc. in all areas. The timeline on the grant is six to twelve months. I have included a letter from Bob Meneses of the PRMC regarding their assistance in securing a grant. We have just submitted a preliminary Abstract to the Department of Energy because of the huge energy savings in recycling the magnesium. Obviously, we may or may not be successful in securing the grant. This is not being factored into our refinancing requirements.

Mr. Robert Lucke

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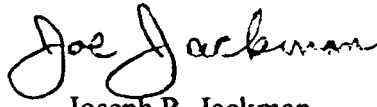
Page 3

We are presently having discussions with the largest magnesium diecasting smelters in North America to purchase our oily magnesium scrap (OMS) recycling technology. I have indicated to them that we would sell them our technology for \$600,000 in cash and a two-year royalty agreement worth \$400,000. If successful with this transaction, the \$600,000 in cash from the technology sale would go towards the equity portion of a \$1.0 million SBA 504 loan. We have a term sheet from the CL Fund of Pittsburgh for the \$400,000 portion from the SBA. The SBA 504 program is 50% from a private lender, 10% from equity and 40% from the SBA. Our contribution will be \$600,000 eliminating the need from the private lender. This actually results in an SBA loan of only \$400,000.

If you need any additional information or have any questions, please don't hesitate to give me a call.

Sincerely,

REMACOR, INC.

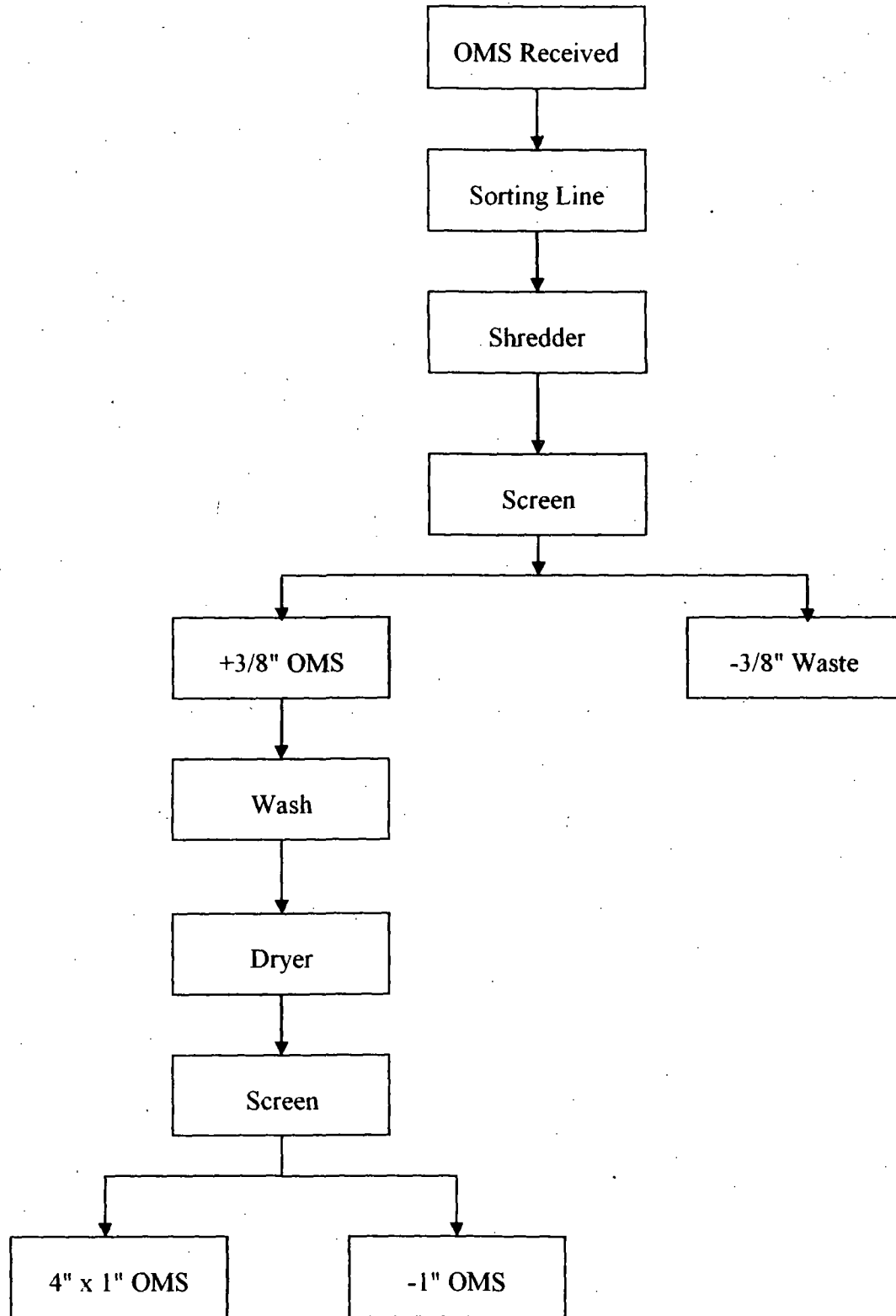
A handwritten signature in cursive script that reads "Joe Jackman".

Joseph R. Jackman
President

JRJ/mjl

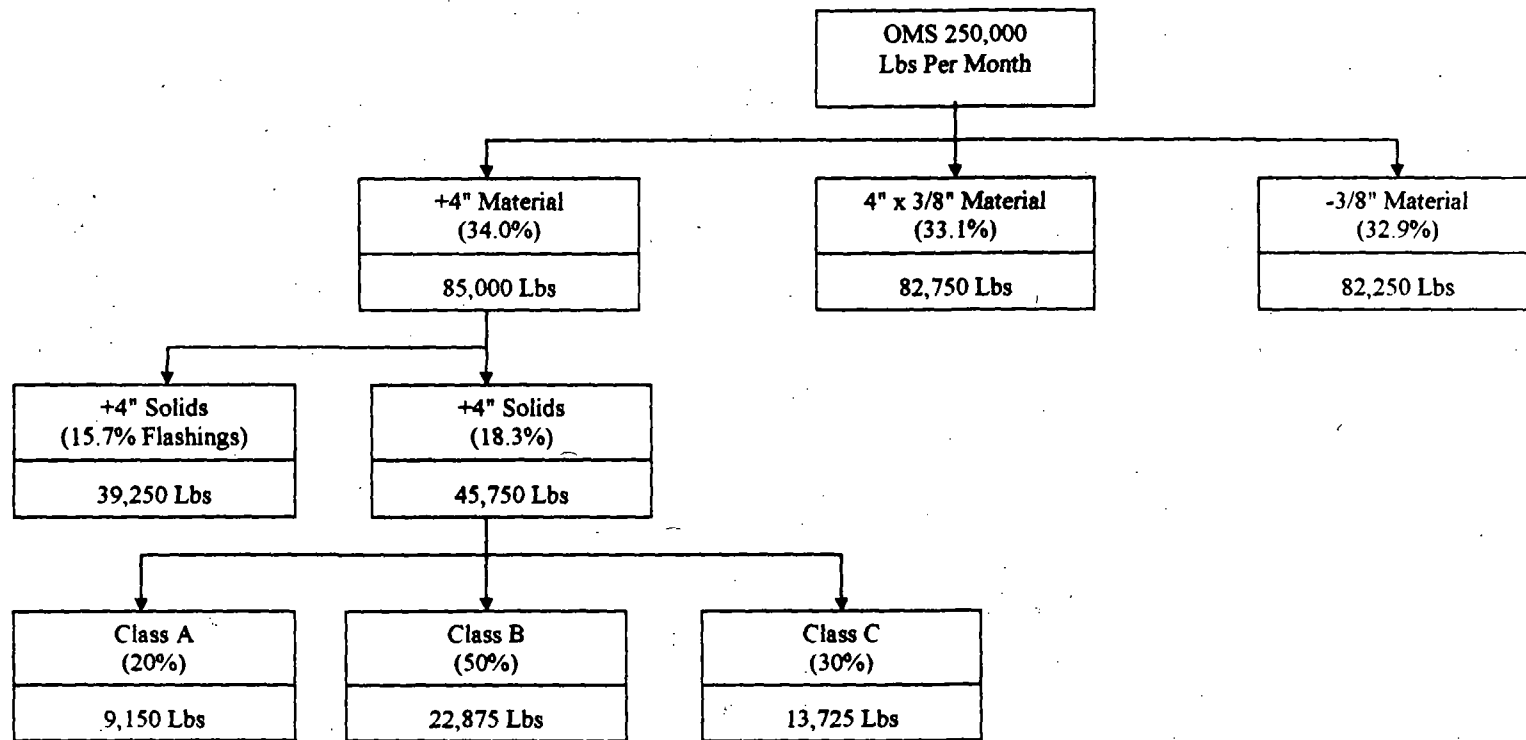
CC: Thomas H. Logan

OMS PROCESSING SCHEMATIC



6/12/06

**MATERIAL BALANCE FOR THE
250,000 LBS/MONTH OF MERIDIAN-STRATHROY OILY MG SCRAP**



Class A Scrap			
Type	Weight	Yield	Recovery
Class A	9,150	1.00	9,150
Totals			9,150

Meltable 4" x 1"			
Type	Weight	Yield	Recovery
Class B	22,875	0.90	20,581
+4" Flash.	39,250	0.90	35,325
4" x 3/8	82,750	0.70	57,925
Totals			113,838

-1" Fines			
Type	Weight	Yield	Recovery
Class B	2,287	0.85	1,944
Class C	13,725	0.15	2,059
+4" Flash.	3,925	0.90	3,537
4" x 3/8" Flash.	24,825	0.80	19,860
Totals			27,400

Waste	
Type/Source	Weight
-3/8" Screening	82,250
Class B -1" Fines	343
Class C -1" Fines	11,666
+4" Flash. -1" Fines	393
4" x 3/8" Flash. 1" Fines	14,965
Totals	99,617



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA UPS OVERNIGHT MAIL

June 12, 2006

Mr. Ellis Rubenstein
5119 West Bethany Home Road
Glendale, AZ 85301

RE: Investment Opportunity in Remacor, Inc.

Dear Ellis:

As I mentioned yesterday, we are seeking \$300,000 in equity or subordinated debt as part of a \$1.43 million financing package. I have enclosed a copy of our Business Review, which gives you an overview of the business and the opportunity it represents and a copy of our Proforma Financial Statements. The Proforma Financial Statements were compiled in January 2006 and do not accurately reflect the transactions shown on the May 31, 2006 Proforma Balance Sheet transactions. The January 16 Proforma Financials have \$1,000,000 in a loan for equipment where as the May 31 Proforma reflects only \$400,000 in an SBA loan. The Sales and Income are essentially the same. In addition, I have included copies of other pertinent information that I felt would be helpful to you in reviewing this opportunity.

We are the only company in North America and the world, to my knowledge, that has patented technology and know-how to process/recycle certain types of oily magnesium scrap into magnesium granules, which are sold into the steel industry for hot metal desulfurization.

After struggling for 26 years in the collapsing steel industry, I merged Reactive Metals & Alloys Corporation (REMACOR) with our competitor, Rossborough Manufacturing Company of Cleveland, in July 2001. Each company was doing about \$50.0 million in annual sales at the time of the merger. Continued steel industry bankruptcies and some poor business decisions in merging the two companies, forced the merged company, Rossborough-Remacor, LLC, to file bankruptcy in June of 2003. This gave me the opportunity to purchase the assets and technology at the West Pittsburg facility back from the bankrupt Rossborough-Remacor, LLC estate in February 2004.

I chose the name of Remacor, Inc. because the "Remacor" name is well known around the world in the steel and magnesium industries. This, as you can imagine, has created a lot of confusion.

We began operations as Remacor, Inc. on March 1, 2004 and operated with 35 employees until our warehouse fire on August 6, 2005. Since our fire, we have been operating at a reduced level. We are generating some income by receiving and inventorying our raw materials. We generate about \$30,000-\$40,000 per month on the fees we are paid to process the various forms of magnesium scrap. This has allowed us to operate at a reduced level until we can secure our financing to rebuild and expand the operation.

We had to file suit in February against Lloyds of London in order to get them to pay the \$790,000 fire loss claim. After we filed suit in February 2006, Lloyds finally agreed to pay the claim in full.

Mg granules are used in the steel industry for hot metal desulfurization. Presently there are 30,000 tons per year of Mg granules imported from China for use in the steel industry in North America. Our technology not only eliminates the landfilling of most of these hazardous waste materials here in the U.S., it also creates a product that is competitive with Mg powder presently dominated worldwide by the Chinese.

The Chinese have captured the magnesium market worldwide and have forced four major magnesium producers here in North America out of the magnesium production business: Alcoa (U.S.), Dow Chemical (U.S.), Timminco (Canada) and Magcan (Canada). The Chinese produce Mg granules from primary magnesium ingot and sell into the U.S. market at a cost of approximately \$1.00/lb. Remacor, Inc., with patented technology, can produce Mg granules by recycling Mg waste materials into Mg granules at a cost of approximately \$0.40/lb. This material is sold by Remacor at a cost of approximately \$0.85 - \$0.90/lb to the hot metal reagent producers here in the U.S. We sell every pound we can produce. We had a production capacity of only 1000 tons per year before the fire and want to increase our production capacity to 2500 TPY immediately with a three-year goal of 5000 TPY.

Our financing package consists of several parts. The first part is a federal grant. Last November, I contacted the Deputy Secretary of the Department of Environmental Protection of Pennsylvania (EPA) to see if a state or federal grant was available in view of our recycling of hazardous waste activities. He was very positive and put me in touch with the Pennsylvania Recycling Market Center and the Pennsylvania Technical Assistance Program (PENNTAP). The PRMC was created by the U.S. EPA specifically to help companies like Remacor, Inc. in all areas. The timeline on the grant is six to twelve months. I have included a letter from Bob Meneses of the PRMC regarding their assistance in securing a grant. We have just submitted a preliminary Abstract to the Department of Energy because of the huge energy savings in recycling the magnesium. Obviously, we may or may not be successful in securing the grant. This is not being factored into our refinancing requirements.

We are presently having discussions with the largest magnesium diecasting smelters in North America to purchase our oily magnesium scrap (OMS) recycling technology. I have indicated to them that we would sell them our technology for \$600,000 in cash and a two-year royalty agreement worth \$400,000. If successful with this transaction, the \$600,000 in cash from

Mr. Ellis Rubenstein

June 12, 2006

Page 3

the technology sale would go towards the equity portion of a \$1.0 million SBA 504 loan. We have a term sheet from the CL Fund of Pittsburgh for the \$400,000 portion from the SBA. The SBA 504 program is 50% from a private lender, 10% from equity and 40% from the SBA. Our contribution will be \$600,000 eliminating the need from the private lender. This actually results in an SBA loan of only \$400,000.

If you need any additional information or have any questions, please don't hesitate to give me a call.

Sincerely,

REMACOR, INC.

A handwritten signature in dark ink, appearing to read 'JRJ', is positioned above the printed name and title.

Joseph R. Jackman
President

JRJ/mjl

CC: Jeff Puglisi



Office of the President

Post-it™ Fax Note 7671		Date 6/8/06	# of pages 2
To Tonia Thomas		From Joe Jackman	
Co./Dept.		Co.	
Phone #		Phone #	
Fax #		Fax #	

O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

June 8, 2006

CC: RL

Mr. Mike Smith
Praxair Distribution, Inc.
2510 New Butler Road
New Castle, PA 16101

RE: Remacor's Refinancing Program

Dear Mike:

As I stated last Friday, Sky Bank made the decision to take approximately \$100,000 from our regular checking and payroll accounts on May 23. These were the final proceeds that were received the week before from the insurance company for the cleanup provision from our fire claim of last August. This action has jeopardized our ability to complete our refinancing project as scheduled.

We are extremely close to finalizing a \$1.8 million working capital and plant expansion program. The project includes \$300,000 in equity, \$1,000,000 in the sale of technology and a \$1,000,000 SBA 504 loan. The sale of technology creates the company's portion of \$600,000 for the SBA 504 loan.

The financing structure is as follows:

Type Investment	Source	Use
• Equity from New Investor -	\$ 300,000 (Term sheet received)	Working Capital
• Sub debt and Term Debt -	525,000 (Term sheet received)	Equipment
• Cash from Sale of Technology	600,000 (Companies SBA contrib.)	Equipment
• Cash from Sale of Technology-	400,000	Working Capital
	<u>\$1,825,000</u>	

I have been granted seven U.S. Patents over the past 30 years, which has resulted in the sale of over \$24.0 million in various technologies. I submit this information only to provide some credibility as to our technology sale capability.

Mr. Mike Smith

June 8, 2006

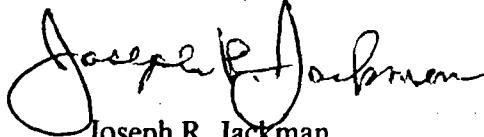
Page 2

To raise over \$1.8 million for refinancing under the circumstances that Remacor, Inc. has been through over the past five years has been extremely complex and difficult. The collapsing steel industry, two bankruptcies (not Remacor, Inc.), a major fire, lender fatigue at Sky and the struggle with the DEP of PA has made this a most challenging project. Each piece of the refinancing package is contingent on the success of the other pieces. This is what has made the project a very complex and time-consuming process. The most difficult pieces have now been completed and we now must finalize the sale of the technology which we hope to do within the next 45 days.

We would like an additional 60 to 90 days to complete this financing and, at that time, we would be able to structure a repayment program and begin purchasing argon and nitrogen again, as we did last year. We had only three grinding mills last year. Our expansion program calls for eight grinding mills that will double the volume of gas consumption. Your cooperation and patience has been greatly appreciated.

Sincerely,

REMACOR, INC.

A handwritten signature in black ink, appearing to read "Joseph R. Jackman". The signature is fluid and cursive, with a large initial "J" and "R".

Joseph R. Jackman
President

JRJ/mjl

CC: Tonia Thomas



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

June 8, 2006

CCRL

Mr. Edward Say
Vice President
S & T Bank
410 West Main Street
Clarion, PA 16214

RE: Remacor's Refinancing Program

Dear Mr. Say:

Sky Bank made the decision to take approximately \$100,000 from our regular checking and payroll accounts on May 23. These were the final proceeds that were received the week before from the insurance company for the cleanup provision from our fire claim of last August. This action has jeopardized our ability to complete our refinancing project as scheduled.

The financing structure is as follows:

Type Investment	Source	Use
• Equity from New Investor -	\$ 300,000 (Term sheet received)	Working Capital
• Sub debt and term debt -	125,000 (Term sheet received)	Working Capital
• CL Fund for SBA -	400,000 (Term sheet received)	Equipment
• Cash from Sale of Technology	600,000 (Companies SBA contrib.)	Equipment
• Cash from Sale of Technology-	400,000	Working Capital
	<u>\$1,825,000</u>	

The sale of this technology will result in \$600,000 in cash within 60 days and an additional \$400,000 under a two-year royalty agreement.

I have been granted seven U.S. Patents over the past 30 years, which has resulted in the sale of over \$24.0 million in various technologies. I submit this information to provide some credibility as to our technology sale capability.

To raise over \$1.8 million for refinancing under the circumstances that Remacor, Inc. has been through over the past five years has been extremely complex and difficult. The collapsing steel industry, two bankruptcies, a major fire, lender fatigue at Sky and the struggle with the DEP of PA has made this a most challenging project. Each piece of the refinancing package is contingent on the success of the other pieces. This is what has made the project a very complex and time-consuming process. The most difficult pieces have now been completed and we now must finalize the sale of the technology which we hope to do within the next 45 days.

Mr. Edward Say

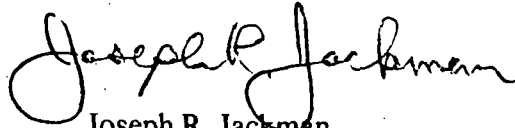
June 8, 2006

Page 2

We would like an additional 60 to 90 days to complete this financing and, at that time, we would be able to become current with S & T Bank. Your consideration in this matter would be greatly appreciated.

Sincerely,

REMACOR, INC.

A handwritten signature in black ink, reading "Joseph R. Jackman". The signature is written in a cursive style with a large, stylized "J" and "R".

Joseph R. Jackman
President

JRJ/mjl



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

June 8, 2006

Mr. Dennis Swanson
Revenue Enforcement Collection Agent
PA Department of Revenue
103 South Mercer Street
New Castle, PA 16101

BCC: JRT
RL

RE: Remacor's Refinancing Program

Dear Mr. Swanson:

Sky Bank made the decision to take approximately \$100,000 from our regular checking and payroll accounts on May 23. These were the final proceeds that were received the week before from the insurance company for the cleanup provision from our fire claim of last August. This action has jeopardized our ability to complete our refinancing project as scheduled.

We are extremely close to finalizing a \$1.8 million working capital and plant expansion program. The project includes \$300,000 in equity, \$1,000,000 in the sale of technology and a \$1,000,000 SBA 504 loan. The sale of technology creates the company's portion of \$600,000 for the SBA 504 loan.

The financing structure is as follows:

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	<u>\$1,825,000</u>	

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To raise over \$1.8 million for refinancing under the circumstances that Remacor, Inc. has been through over the past five years has been extremely complex and difficult. The collapsing steel industry, two bankruptcies, a major fire, lender fatigue at Sky and the struggle with the DEP

Mr. Dennis Swanson

June 8, 2006

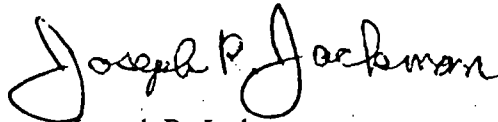
Page 2

of PA has made this a most challenging project. Each piece of the refinancing package is contingent on the success of the other pieces. This is what has made the project a very complex and time-consuming process. The most difficult pieces have now been completed and we now must finalize the sale of the technology which we hope to do within the next 45 days.

We would like an additional 60 to 90 days to complete this financing and, at that time, we would be able to pay our liability to the PA Department of Revenue. Your consideration in this matter would be greatly appreciated.

Sincerely,

REMACOR, INC.

A handwritten signature in black ink, reading "Joseph R. Jackman". The signature is written in a cursive style with a large, stylized "J" and "R".

Joseph R. Jackman
President

JRJ/mjl

Attachment



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

TO: Irv Gruber - EMAILED
James H. Rich - EMAILED
Thomas H. Logan - EMAILED

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 6/6/06

SUBJECT: **Working Capital for the Next 90 Days**

I have been trying to keep everyone informed of our activities since the fire of last August and particularly since Sky Bank took \$100,000 from our accounts on May 23. This has put us in a very critical situation, as you all well know. You have all received a copy of the letter that was sent on June 5 to Stephen Sant, regional president of Sky Bank. I'm not optimistic that Sky will return the \$100,000. Therefore, we must try to raise \$90,000 over the next two weeks in order to survive the next 90 days to complete the refinancing program that we have worked so hard on putting together over the past nine months.

I would like to summarize our refinancing efforts to date:

1. Equity Search for \$300,000

- Pine Investments - have a term sheet dated May 10, 2006.
- Clinton Springs Investments - Bob Lucke and Tom Logan are presently negotiating for Remacor.
- Susquehanna Investment - JRJ is still having discussions. They will make a decision on June 7 on whether to proceed with further discussions.

2. CL Fund of Pittsburgh

- They have given us a term sheet for \$125,000 for working capital and \$400,000 for the SBA portion of a \$1,000,000 loan.

- The above term sheet is contingent on Remacor getting a \$500,000 commitment from a private lender, bank or sale of technology.

3. Sale of Technology

- Amacor – Anderson, IN

We have a letter from Amacor expressing interest in acquiring our oily Mg scrap (OMS) technology. As you all know, the OMS technology is the adaptation of our 20-year old oily Mg turning recycling technology to solid oily Mg scrap. We built the OMS prototype with the \$200,000 MELF loan in the summer of 2004 and operated successfully for about six months. The prototype was successful in recovery of the metallic magnesium, however, did not have the design capacity required to generate adequate output.

The cost of \$600,000 plus a royalty agreement for the technology has been given to Amacor. We would structure the royalty agreement to generate an additional \$400,000 over a two-year period. Amacor could pay the royalty in the form of off-grade fines that we buy from them for grinding when in operation.

- Solikamsk Magnesium – Russia

Jim Young, Remacor's VP of operations for 12 years who now works for Rossborough, was at the IMA Conference in Beijing two weeks ago and was approached by Solikamsk, the Russian magnesium producer, inquiring if he thought Remacor would be interested in selling both the oily Mg turning and the OMS technologies. I have sent you all copies of my contact with Solikamsk on June 5. These technologies, both different, could possibly be sold to the Russians for \$2.0 – \$3.0 million. The Mg turning technology is more valuable than the OMS particularly in Europe where the magnesium diecasting penetration into the auto industry far exceeds that in North America at the present time.

I have been trying to raise the \$90,000 from several possible lenders and have not been successful. However, I have been able to get \$30,000 committed to me personally, providing I can raise the additional \$60,000. This would be in the form of a 120-day loan. Upon closing on our refinancing transaction, the lenders would be paid in full and an interest/bonus of \$36,000 for the entire \$90,000 or \$24,000 on the \$60,000.

Let me know if you have any interest or know of anyone I can contact.

Sincerely,

JRJ/mjl



EMailed

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

TO: Dan Sullivan
CL Fund

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 6/6/06

SUBJECT: **Status of Refinancing Efforts**

Dan, the following is an update on our refinancing progress:

1. Equity Search for \$300,000

- Pine Investments – have a term sheet dated May 10, 2006.
- Clinton Springs Investments – Bob Lucke and Tom Logan are presently negotiating for Remacor.
- Susquehanna Investment – JRJ is still having discussions. They will make a decision on June 7 on whether to proceed with further discussions.

2. Sale of Technology

- Amacor – Anderson, IN

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We hope to conclude negotiations and be in a position to close on the equity and sales of technology to Amacor within the next 60 days. Obviously, the sale of technology eliminates the need for the \$500,000 commitment from a private lender, which would have been very difficult, as you know.

If successful with Solikamsk, this technology sale is probably 6-12 months away.

Things are shaping up. Please let me know if anything changes with the CL Fund as our equity transaction is contingent on you folks, as well as the technology sale or infusion of \$600,000.

Sincerely,

JRJ/mjl



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

June 5, 2006

Mr. Stephen R. Sant
Regional President
Western PA Region
Sky Bank
101 E. Washington Street
New Castle, PA 16101

RE: Remacor's Refinancing Program

Dear Mr. Sant:

Sky Bank made the decision to take approximately \$100,000 from our regular checking and payroll accounts on May 23. These were the final proceeds that were received the week before from the insurance company for the cleanup provision from our fire claim of last August. This action has seriously jeopardized our ability to complete our refinancing project and could result in Remacor, Inc. having to terminate operations resulting in Sky having to write off the roughly \$450,000 in total debt. Furthermore, it is going to result in the loss of 40 jobs and create a huge environmental problem in West Pittsburg.

I would like Sky to understand our present position. Unfortunately, Paul DeArment, vice president, was on vacation the week we received the insurance check and I did not get a chance to thoroughly bring him up to date on our refinancing progress and our need for the additional support. We are extremely close to finalizing a \$1.8 million working capital and plant expansion program. The project includes \$300,000 in equity, \$1,000,000 in the sale of technology and a \$1,000,000 SBA 504 loan. The sale of technology creates the company's portion of \$600,000 for the SBA 504 loan.

The financing structure is as follows:

Type Investment	Source	Use
• Equity from New Investor -	\$ 300,000 (Term sheet received)	Working Capital
• Sub debt from CL Fund -	125,000 (Term sheet received)	Working Capital
• CL Fund for SBA -	400,000 (Term sheet received)	Equipment
• Cash from Sale of Technology	600,000 (Companies SBA contrib.)	Equipment
• Cash from Sale of Technology-	<u>400,000</u>	Working Capital
	\$1,825,000	

Mr. Stephen R. Sant

June 5, 2006

Page 2

I have enclosed, for your review, the term sheets we have received on the \$300,000 equity portion (this is only one of three potential equity investors) and a term sheet from the CL Fund in Pittsburgh for a total of \$525,000. I have also included a letter from Amacor expressing their interest in our hazardous magnesium scrap processing technology. The sale of this technology will result in \$600,000 in cash within 60 days and an additional \$400,000 under a two-year royalty agreement.

I have been granted seven U.S. Patents over the past 30 years, which has resulted in the sale of over \$24.0 million in various technologies. (See attached Schedule.) I submit this information to provide some credibility as to our technology sale capability.

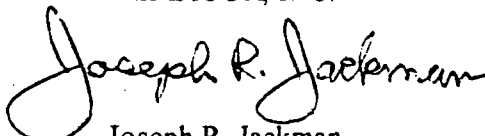
To raise over \$1.8 million for refinancing under the circumstances that Remacor, Inc. has been through over the past five years has been extremely complex and difficult. The collapsing steel industry, two bankruptcies, a major fire, lender fatigue at Sky and the struggle with the DEP of PA has made this a most challenging project. Each piece of the refinancing package is contingent on the success of the other pieces. This is what has made the project a very complex and time-consuming process. The most difficult pieces have now been completed and we now must finalize the sale of the technology which we hope to do within the next 45 days.

I personally appreciate Sky's concerns, and further appreciate that prior to the actions of May 23, Mr. DeArment seemed to balance those concerns with the needs of Remacor. I believe that our cooperation with Sky prior to the actions of May 23 enabled us to accomplish everything I have just described. If Sky Bank would reconsider its position and return the \$100,000, it will provide sufficient working capital for us to keep all interest payments to lenders current and pay all the basic necessities required for the next 90 days to enable us to complete the complex refinancing package. If Sky Bank would agree to this, we would agree to pay down our total debt by \$150,000 at closing and possibly be able to agree to structure an accelerated paydown on the remaining debt based on our royalty agreement with Amacor.

I have been aggressively trying to raise the \$100,000 elsewhere this past week; but, to date, have not been successful. I urge you to reconsider your position and give Remacor, Inc. the opportunity to complete its refinancing package, put 40 people back to work, eliminate the potential environmental liability and enable Remacor to repay Sky Bank its outstanding debt.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

TR/jml

Attachment



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

June 5, 2006

Mr. Valeriy G. Bydrin
Director
Solikamsk Desulphurizer Works
9, Pravda Str.,
Solikamsk, Perm Region,
618500, Russia

RE: Magnesium Turnings and Oily Mg Scrap Recycling Technologies

Dear Valeriy:

I can't believe how fast time has gone by. It has been about 5 years since you, Mr. Irtegov and Mr. Ivachov visited our West Pittsburg and Canadian facilities. I hope this fax finds you in good health.

Jim Young just returned from the IMA Conference in Beijing and informed me that he had a conversation with you regarding your interest in possibly purchasing Remacor's oily magnesium turnings and oily Mg scrap processing technologies. We certainly would be willing to discuss the sale of these technologies to Solikamsk.

Please contact me directly via e-mail or fax expressing your interest and we can proceed from there.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

REMACOR, INC.

KEY POINTS ON OMS TECHNOLOGY SALE TO AMACOR

1. Plant Production Capability

1 shift/day – 20 days/month -	1,500 TPY
2 shifts/day – 20 days/month -	3,000 TPY
3 shifts/day – 20 days/month -	4,500 TPY

2. Range of Mg recoveries 55% to 75% 62% Ave.

Meridian – 55%

All others – 70-75% (72% Ave.)

3. 250,000 lbs/month of OMS yields:

- 155,000 lbs of clean oil-free metallics @ 62% recovery
- 140,000 lbs of 4" x 1" for melting @ a cost* of \$0.25 to \$0.30/lb of material recovered (*includes cost of disposal of the 38%)
- 15,000 lbs of minus 1" fines generated in crushing to be purchased by Remacor

4. We have complete history and experience on OMS from:

- Meridian – Eaton Rapids and Strathroy
- Intermet
- Spartan
- PTI
- Lunt
- Central Machinery and Castings
- Others

5. Value of OMS (not SMT) to Remacor

250,000 lbs/month of OMS processed

155,000 lbs/month of Mg recovered for grinding into granules:

SP/Sales	-	$\$0.85/\text{lb} \times 155,000 \times 12 = \$1,581,000/\text{yr}$
Cost to wash and grind	-	$\underline{0.40/\text{lb}}$
Gross Profit	-	$\$0.45 \times 155,000 \times 12 = \$ 840,000/\text{yr}$

6. Capital Cost for Facility

- 4,500 – 5,000 TPY capacity
- \$1.0* - \$1.5 million - *Some reconditioned equipment
- Building not included
- Approximately 10,000 sq. ft. required
- Final engineering (4-6 weeks)
- Equipment installation (3-4 months)

7. Cost of Technology

- \$600,000 plus a royalty arrangement

8. Technology cost could be incorporated into the cost of equipment for purposes of bank financing. \$1.6 million.

6/5/06



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

June 5, 2006

Mr. Valeriy G. Bydrin
Director
Solikamsk Desulphurizer Works
9, Pravda Str.,
Solikamsk, Perm Region,
618500, Russia

RE: Magnesium Turnings and Oily Mg Scrap Recycling Technologies

Dear Valeriy:

I can't believe how fast time has gone by. It has been about 5 years since you, Mr. Irtegov and Mr. Ivachov visited our West Pittsburg and Canadian facilities. I hope this fax finds you in good health.

Jim Young just returned from the IMA Conference in Beijing and informed me that he had a conversation with you regarding your interest in possibly purchasing Remacor's oily magnesium turnings and oily Mg scrap processing technologies. We certainly would be willing to discuss the sale of these technologies to Solikamsk.

Please contact me directly via e-mail or fax expressing your interest and we can proceed from there.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

REMACOR, INC.

KEY POINTS ON OMS TECHNOLOGY SALE TO AMACOR

1. Plant Production Capability

1 shift/day – 20 days/month	-	1,500 TPY
2 shifts/day – 20 days/month	-	3,000 TPY
3 shifts/day – 20 days/month	-	4,500 TPY

2. Range of Mg recoveries 55% to 75% 62% Ave.

Meridian – 55%

All others – 70-75% (72% Ave.)

3. 250,000 lbs/month of OMS yields:

- 155,000 lbs of clean oil-free metallics @ 62% recovery
- 140,000 lbs of 4" x 1" for melting @ a cost* of \$0.25 to \$0.30/lb of material recovered (*includes cost of disposal of the 38%)
- 15,000 lbs of minus 1" fines generated in crushing to be purchased by Remacor

4. We have complete history and experience on OMS from:

- Meridian – Eaton Rapids and Strathroy
- Internet
- Spartan
- PTI
- Lunt
- Central Machinery and Castings
- Others

5. Value of OMS (not SMT) to Remacor

250,000 lbs/month of OMS processed

155,000 lbs/month of Mg recovered for grinding into granules:

SP/Sales	-	$\$0.85/\text{lb} \times 155,000 \times 12 = \$1,581,000/\text{yr}$
Cost to wash and grind	-	$\underline{\$0.40/\text{lb}}$
Gross Profit	-	$\$0.45 \times 155,000 \times 12 = \$ 840,000/\text{yr}$

6. Capital Cost for Facility

- 4,500 – 5,000 TPY capacity
- \$1.0* - \$1.5 million - *Some reconditioned equipment
- Building not included
- Approximately 10,000 sq. ft. required
- Final engineering (4-6 weeks)
- Equipment installation (3-4 months)

7. Cost of Technology

- \$600,000 plus a royalty arrangement

8. Technology cost could be incorporated into the cost of equipment for purposes of bank financing. \$1.6 million.

6/5/06



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

TO: James W. Kraus, Esq.
Pietragallo, Bosick & Gordon LLP

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 6/2/06

SUBJECT: Data for Court Hearing

I have made comments on your Answer & New Matter and have also included the appropriate documents.

In addition, I have received a term sheet on the \$300,000 in a convertible note for 25% of the company from one potential investor. We are still negotiating but could eventually accept. We still are having discussions and negotiating with two other potential equity investors.

I expect to receive a letter either today or Monday from Jan Guy, president of Amacor, expressing an interest in pursuing discussions on the purchase of our OMS technology. The price for the technology is \$600,000 in cash and approximately \$400,000 in the form of a royalty agreement.

Also included is a term sheet from the CL Fund for \$525,000. This represents approximately \$1,825,000 in funds for working capital, new buildings and equipment for our expansion. This information certainly should be sufficient evidence to support my claims, hopes and aspirations that we will get Remacor, Inc. refinanced in 120 days or less!!

JRJ/mjl



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
330-332-8416

TO: Thomas H. Logan
T. H. Logan & Associates

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 5/31/06

SUBJECT: Amacor

Talked with Bruce Murray, VP of Sales and Marketing, this morning. Jan is working on the Confidentiality Agreement. They will get back to me this afternoon. I indicated to Bruce that if we could reach an agreement, it's possible that we could begin receiving material immediately thereby allowing them to go after more recycling contracts. He said they are presently negotiating with Lunt. He asked me about Lunt's SMT, OMS and painted scrap. We already receive Lunt's SMT at a fee of \$0.15/lb delivered in their drums. We get about 30,000 lbs every two months. This costs Lunt approximately \$0.15 for processing and \$0.07 for freight or \$0.22/lb total or roughly \$40,000 per year for just the SMT. Lunt probably receives something like \$0.40-\$0.50/lb for their painted scrap. The OMS is a big question. Our experience was that it was about a 6 on a 1-10 scale with 1 being the worst for recoverable Mg through our OMS wash system. This info will be extremely valuable to Amacor in their present negotiations.

Have not heard from my New York contact on the \$75,000, 4-month loan or Pietragallo on the Sky Bank situation. We have approximately \$30,000 in receivables coming in this week that will take care of payroll this Friday and some other critical payments.

Anything from Bob Lucke? I would like to get something in writing ASAP as we have our court hearing on the injunction next Wednesday (6/7/06).

Incidentally, I am overnighting you some information on Grinding Technology we sold to the Chinese in 1997.

"It's Performance That Counts"

Confirmation Report - Memory Send

Page : 001
Date & Time: 31-May-06 09:33am
Line 1 : +
Machine ID : REMACOR WEST PGH

Job number : 471
Date : 31-May 09:31am
To : 1-330 332 8416
Number of pages : 001
Start time : 31-May 09:31am
End time : 31-May 09:33am
Pages sent : 001
Status : OK

Job number : 471

*** SEND SUCCESSFUL ***



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
330-332-8416

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VIA FAX
330-332-8416

TO: Thomas H. Logan
T.H. Logan & Associates

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 5/30/06

SUBJECT: **Amacor – OMS Technology Proposal**

Tom, we had a meeting last Saturday to discuss the technology sale to Amacor. We have some major concerns about selling Amacor the technology and building the plant in Anderson. This is because of the wide variation in the composition of the oily Mg scrap OMS. We receive material from at least five of the major diecasters that Amacor would target as potential customers for recycling contracts. The five diecasters are:

<u>Generator of OMS</u>	<u>Lbs/Mo.</u>	<u>Recoverability Rating from 1 to 10 with 1 being the worst</u>
1. Meridian	160,000	1
2. Internet	30,000	2
3. PTI	15,000	8
4. Spartan	20,000	10
5. Lunt	20,000	6
6. Other	<u>20,000</u>	5
Total	266,000	

Thomas H. Logan

May 30, 2006

Page 2

The Meridian material is the worst. It contains a large amount of oil/grease that can only be removed by reducing in size by wet hammer milling. This process is extreme in agitation and particle size reduction in an effort to successfully remove the oil and grease. This process generates a product that is roughly 1/2" by down and is not desirable for remelting because of low fines recovery in the melting process. It is quite acceptable for Mg granule production.

The OMS prototype operation that was operated from June 2004 through February 2005 successfully allowed us to process all the materials listed above; particularly the Meridian material. However, in order to recover the metallic Mg in the Meridian material, it would have to be reduced to a 1/2" by down material.

We feel that building the plant in Anderson would create some problems in debugging and refining the OMS technology, especially for the Meridian material, which is probably high on Amacor's priority list.

What we would like to propose to Amacor is that they purchase the technology from Remacor, purchase the equipment and have it installed and operated by Remacor in West Pittsburg. This creates advantages and disadvantages for Amacor. However, I believe the advantages outweigh the disadvantages.

One of the big advantages is that Amacor could possibly begin implementing their recycling of Class 1 scrap program immediately. The big advantage for Remacor is that we could debug and refine the OMS processing operation much more effectively and economically.

The challenge we have is how do we convince Amacor this is the best scenario for them.

JRJ/mjl

A handwritten signature in black ink, appearing to be the name "Joe", is located in the lower right quadrant of the page. The signature is fluid and cursive, with a large loop at the end.

AMACOR PURCHASING OMS TECHNOLOGY AND EQUIPMENT AND PUTTING PLANT IN WEST PITTSBURG OPERATED BY REMACOR

Advantages:

1. Amacor could immediately implement their Class 1 recycling program
2. West Pittsburg personnel have experience in processing OMS and SMT. Debugging and refining of technology would be much easier.
3. West Pittsburg site already has operating permits.
4. Amacor would have option to ship remelttable materials to Anderson and/or sell to Remacor for Mg granule production.
5. West Pittsburg site contains 40 acres that allow for expansion.
6. Amacor would own the technology and equipment.

Disadvantages:

1. Amacor's concern about Remacor's survival.
2. DEP PA action against Remacor.
3. Present adversarial relationship with Sky Bank.
4. Property ownership situation.
5. Possible environmental liability.

Confirmation Report - Memory Send

Page : 001
Date & Time: 30-May-06 10:19am
Line 1 : +
Machine ID : REMACOR WEST PGH

Job number : 460
Date : 30-May 10:18am
To : 1-330 332 8416
Number of pages : 003
Start time : 30-May 10:18am
End time : 30-May 10:19am
Pages sent : 003
Status : OK

Job number : 460

*** SEND SUCCESSFUL ***



Office of the President

P. O. Box 366, Route 168
West Pitsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
330-332-8416

TO: Thomas H. Logan
T.H. Logan & Associates
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Remacor, Inc.
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4. Spartan	20,000	10
5. Lunt	20,000	6
6. Other	<u>20,000</u>	5
Total	266,000	

"It's Performance That Counts"

TO: C. Willison
FROM: J. R. Jackman
DATE: 5/24/06
SUBJECT: **Board of Directors' Meeting at 4 PM, May 23, 2006**

The attached OMS Technology Sale Supporting Data essentially constituted the Agenda for Board review. We also discussed the Sky Bank situation, the DEP action, the OSHA Abatement Program and the refinancing efforts.

The meeting lasted from 4:00 PM until 6:30 PM.

A handwritten signature, likely of J. R. Jackman, consisting of stylized initials and a surname.

OMS TECHNOLOGY SALE TO AMACOR

SUPPORTING DATA

1. Magnesium Supply and Demand – Paper from IMA Conference

- 80,000 TPY of diecasting produced in North America
- 40,000 TPY Class I generated to be recycled plus 20,000 TPY of mixed scrap from other sources

2. Remacor's Present Diecaster OMS Suppliers

<u>Diecaster</u>	<u>Lbs/Month</u>	<u>Status</u>
• Meridian Technologies – Canada	180,000	Not Receiving
• Lunt – Chicago	20,000	Not Receiving
• Internet – Missouri	35,000	Receiving
• Spartan – Missouri	15,000	Receiving
• Product Technologies – Minnesota	<u>15,000</u>	Not Receiving
	265,000	

There is an estimated 500,000 lbs per month of oily Mg scrap (OMS) generated each month in North America and this volume is growing.

3. Amacor's Competition for the Recycling of an Estimated 60,000 TPY of Class I and Mixed Scrap

- Meridian Technologies – Canada (12,000 TPY)
- Amacor – Indiana
- U.S. Mag – Utah (Primary Producer)
- Halaco – Tennessee
- Garfield – Cleveland, OH
- Normet – Indiana
- Norsk Hydro – Canada (Primary Producer)

4. Amacor's Web Site

5. Amacor's Total Production Capacity vs Estimated Present Production (Data received on visit of 5/10/06)

6. Amacor's Potential Increase in Sales with Remacor's OMS Technology

7. Amacor's Return on Investment for 1st Year

8. OMS Technology Value to Amacor – Melting Solids into Ingots

- Probable Case
- Worst Case
- Best Case

9. OMS Value to Remacor – Grinding Solids into Mg Granules

10. Price to Amacor for OMS Technology

11. OMS Technology Sale Timeline

5/23/06



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA UPS OVERNIGHT MAIL

May 24, 2006

Mr. Richard Lunak
President and CEO
Innovation Works
2000 Technology Drive, Suite 250
Pittsburgh, PA 15219-3109

RE: Investment Opportunity

Dear Rich:

As Don Jones told you, we are seeking \$300,000 in equity or subordinated debt as part of a \$1.4 million financing package to rebuild and expand our plant after our fire of last August.

We are the only company in the world with the technology, knowledge and experience to process oily magnesium scrap to recover the metallic magnesium and further process it into magnesium granules used in hot metal desulfurization in the steel industry. We developed technology to recover oily magnesium turnings in 1987 and successfully processed approximately 22,000 tons up through 2004. In 2003, we modified and expanded that technology to include oily Mg scrap (solid Mg scrap and turnings) and received a patent on this new technology in April of 2004.

In the summer of 2004, we borrowed \$200,000 and built a prototype operation to prepare the oily Mg scrap (OMS) for further processing in our conventional wash system or in the rotary tray dryer in our patented technology. We successfully operated the prototype from September 2004 through March 2005. During this time, we converted all production through the prototype equipment into finished product and sold every pound we could produce to the domestic desulfurization reagent producers and a major reagent producer in Germany. We were shipping material to India, Germany and Turkey.

The prototype yielded all the production parameters we needed but unfortunately was not large enough to produce the quantities that we needed to be profitable and that the market could

Mr. Richard Lunak

May 24, 2006

Page 2

absorb. We shut down the prototype operation in March of 2004 and continued producing at a reduced level while we were putting together a production expansion program when we had a fire that destroyed our warehouse in August of 2005. Since that time, we have been struggling with Lloyds of London, our insurance carrier, to get our insurance claim paid. We received the final check last Friday.

Presently, we are having discussions with the largest magnesium smelter in North America who wants to purchase our new OMS technology. With our technology, this company could easily double its sales and profitability.

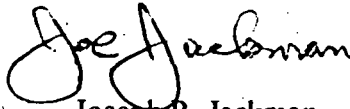
Rich, unfortunately, we don't have a nice offering memorandum for your review; but I have included copies of our Proforma Financial Statements, Business Review and copies of other pertinent information that I feel will be helpful to you in reviewing this opportunity.

Incidentally, we have a term sheet from the CL Fund from Pittsburgh for \$525,000, contingent, of course, on our securing an additional \$800,000. We hope to do this through the technology sale and/or equity infusion.

If you have any questions or need additional information, please don't hesitate to give me a call. I will call you next Monday or Tuesday to give you a chance to look over this information.

Sincerely,

REMACOR, INC.

A handwritten signature in black ink, appearing to read "Joe Jackman", written in a cursive style.

Joseph R. Jackman
President

JRJ/mjl

Enclosures



P.O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

ENCLOSED DATA

- Business Review
- Proforma Financial Statements
- Photos of Various Types of Secondary Mg Scrap
- Proforma Balance Sheet
- Cash Flow Projection
- Sales Letters
- CL Fund Term Sheet
- Profitability Selling Directly to the Steel Industry
- Information on the DOE \$1.0 million Grant Proposal
- Process for Magnesium Granules Patent

4/6/06



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX & E-MAIL

TO: Louis C. Long, Esq.
Pietragallo, Bosick & Gordon LLP

Copy to: James W. Kraus, Esq.
Pietragallo, Bosick & Gordon LLP

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 5/24/06

SUBJECT: Urgent – Action by Sky Bank

Lou, at 9 AM Monday I received a phone call from Paul DeArment, Vice President of Sky Bank. He wanted to know if we had received an insurance check, which I am sure he already knew. I told him we did and told him the amount and the circumstances under which we had agreed on the final figure. He wanted to know why the bank wasn't named as a payee on the check and I explained. He stated that we had a verbal agreement on the disposition of the funds and the bank wanted to "share" in this final check. I told Paul that since he was on vacation all last week, I had not had an opportunity to bring him up to date. I explained to him that we were very close to completing our refinancing package. We had a term sheet from the CL Fund in Pittsburgh for \$525,000, are having discussions with five potential investors on \$300,000 in equity and having discussions with the largest magnesium smelter in North America regarding their desire to purchase our oily magnesium scrap (OMS) processing technology. The OMS technology sale is worth several million dollars. Nobody in North America can recycle oily Mg scrap and our technology gives Amacor the ability to double their sales and profitability.

After explaining all this and stating that so much has happened over the past two months that we needed all the proceeds of this final payment to enable us to survive the next several months in order to complete these transactions, save the 35 jobs, get Remacor back on its feet and continue to pay Sky on the \$500,000 in loans. I had no time to inform Paul of all this since he had been on vacation all last week.

"It's Performance That Counts"

During our conversation, Paul really did not seem to care about our potential transactions. His final statement was he would have to think about this situation but I got the distinct impression that he was going to take the funds. As soon as I hung up the phone, I immediately gave instructions to wire Pietragallo \$22,000. This was around 11:00 AM. At around noon, the bank took \$100,000 from our account leaving us around \$30,000 overdrawn with the checks that had not cleared. Fortunately, the wire had gone through.

We had an agreement with Sky Bank to defer principal payments on our loan and we were keeping our interest payments current. We were not in default of any of our agreements to our knowledge. We have \$1,097,868 in asset value on the books and owe Sky approximately \$500,000. This action by Sky borders on insanity, if not criminality. It certainly is the most ruthless and inconsiderate action I have ever seen in my 31 years in business.

I am attempting to raise \$70,000, which gets us the time we need, however, I may not be successful. I don't know whether we have any legal grounds to go after Sky but I certainly would like you and Jim to review this situation in view of all the circumstances. If I can't raise the \$70,000 or get Sky to give back at least \$70,000, Remacor is done!!

The following is a breakdown on the receipt and disposition of the insurance proceeds:

<u>Amount and Date</u>	<u>Disposition of Funds</u>	
	<u>Sky Bank</u>	<u>Remacor</u>
\$200,000 - September 12, 2005	\$125,000	\$ 75,000
\$415,000 - March 22, 2006	290,000	125,000
<u>\$125,000*</u> - May 19, 2006	<u>100,000</u>	<u>25,000</u>
\$740,000	\$515,000	\$225,000

Please give me a call after you have had a chance to review this situation.

Sincerely,



JRJ/mjl

PROPOSED FINANCING PACKAGE

<u>Amount</u>	<u>Type Investor/Investment</u>
\$ 300,000	Equity (Negotiating) <ul style="list-style-type: none">• Environmental Quality Company, Inc. – Cincinnati, OH• Pines Investment – Cincinnati, OH• Clinton Springs Investments – Cincinnati, OH• Innovation Works – Pittsburgh, PA• Susquehanna Investments – Lewistown, PA
\$ 500,000	Technology Sale (Negotiating)
\$ 125,000	CL Fund – Term Sheet Committed)
<u>\$ 400,000</u>	SBA 504 – (Term Sheet Committed)
\$1,325,000	Total Financing Package

5/23/06

OMS TECHNOLOGY SALE TO AMACOR

SUPPORTING DATA

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- 80,000 TPY of diecasting produced in North America
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- Worst Case
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10. Price to Amacor for OMS Technology

11. OMS Technology Sale Timeline

5/23/06

PRICE FOR OMS TECHNOLOGY

Cash: \$1,000,000

- \$250,000 at signing of Purchase Agreement
- \$250,000 at completion of engineering drawings and operating manuals
- Balance paid over the next two years in the form of fines supplied @ \$0.35/lb.
70,000 lbs/month @ \$0.35/lb or \$0.38/lb del. is \$26,000/month – will require
approximately 18-19 months to pay the remaining \$500,000

Royalty @ \$0.10/lb for 10 years

<u>Royalty Received</u>			
•	146,250 lbs x \$0.10	=	\$14,625/month
	x 12 mos.	=	\$175,500/year
	x 10 yrs	=	\$1,775,000

5/23/06

AMACOR'S ROI FOR THE FIRST YEAR

Assume:

1500 TPY Facility (250,000 lbs/month - 8 hrs/day - 20 days)

Facility Cost - \$850,000

Wash & Dry Cost @ \$0.25/lb

Remelt Yield @ 75%

Gross Income - \$704,438

Gross Profit - 1st Year Royalty

Return on Investment 1st Year

Cost of Tech. + Facility Cost + 1st Yr Royalty

<u>Total Cost of Tech. over 10 Yrs.</u>	<u>Cost of Technology</u>	<u>Royalty/Yr @ \$0.10/lb</u>	<u>Royalty/Yr @\$0.05/lb</u>	<u>G.P.Minus Royalty</u>	<u>Without New Recycling Bus.</u>	<u>New 5000 TPY Recycling Bus.</u>
		175,500				
2,755,000	1,000,000		-	528,938	26.1%	78.9%
		175,500				
2,505,000	750,000		-	528,938	29.8%	90.6%
		175,500				
2,255,000	500,000		-	528,938	34.7%	106.3%
		-				
1,877,550	1,000,000		87,755	616,683	31.8%	83.4%
		-				
1,627,550	750,000		87,755	616,683	36.5%	95.8%
		-				
1,377,550	500,000		87,755	616,683	42.9%	112.4%

ROI* Note

Assume an additional 5,000 TPY of Recycling Contracts

$$\begin{array}{rcl} 5,000 \text{ TPY} \times 2,000 \text{ Lbs/T} \times \$0.35/\text{lb Toll Charge} & = & \$3,500,000 - \text{Sales} \\ & \times \$0.10/\text{lb G.P.} & = \underline{1,000,000 - \text{G.P.}} \end{array}$$

5/23/2006

OMS TECHNOLOGY SALE TO AMACOR

TIMELINE

June 5	Meeting
June 15	Decision to go!!
July 7	Finalize Agreement (Possible LC for \$500,000) <ul style="list-style-type: none">• Sign Purchase Agreement• Receipt of \$250,000 at signing of Agreement
August 15	Complete Engineering <ul style="list-style-type: none">• Submit all drawings and equipment lists• Maintenance Manual• Operating Manual• Receive other \$250,000
September 1	Begin purchasing equipment
October 1	Equipment Installation
November 1	Equipment Installation
December 1	Equipment Installation
January 1, 2007	Plant Startup

5/19/06

AMACOR'S POTENTIAL INCREASE IN SALES WITH REMACOR'S OMS TECHNOLOGY

	<u>Sales</u>	<u>Gross Profit</u>
Present Production – 10,000 TPY	\$ 7,000,000	\$2,000,000
Increase in Recycling 5,000 TPY	3,500,000	1,000,000
Ingot Production and Sales from OMS	<u>1,513,688</u>	<u>704,438</u>
Totals	\$12,013,688	\$3,704,438

Potential Impact of OMS Technology on Sales and Gross Profit:

Increase in Sales	$\frac{\$12,013,688}{7,000,000} = \underline{71\%}$
-------------------	---

Increase in Gross Profit	$\frac{3,704,438}{2,000,000} = \underline{85\%}$
--------------------------	--

5/23/06

**AMACOR'S TOTAL PRODUCTION CAPACITY FOR
RECYCLING (Melting) 30,000 TPY OF CLASS I SCRAP**

Assumptions:

Market Price for Tolling Class I Scrap	-	\$0.35
Estimated Melting Cost (Market)	-	0.25
Estimated Gross Profit	-	0.10

Potential Sales and GP Based on Total Production Capacity

Sales @ 30,000 TPY
 $30,000 \text{ TPY} \times 2,000 \text{ lbs/T} \times \$0.35/\text{lb} = \$21,000,000$

Gross Profit @ 30,000 TPY
 $30,000 \text{ TPY} \times 2,000 \text{ lbs/T} \times \$0.10 = \$ 6,000,000$

Estimated Annual Sales and GP @ 10,000 TPY (Data obtained from visit of 5/10/06)

Sales @ 10,000 TPY
 $10,000 \text{ TPY} \times 2,000 \text{ lbs/T} \times \$0.35 = \$ 7,000,000$

Gross Profit @ 15,000 TPY
 $10,000 \text{ TPY} \times 2,000 \text{ lbs /T} \times \$0.10 = \$ 2,000,000$

5/23/06

REMACOR, INC.
DISTRIBUTION OF INSURANCE PROCEEDS FROM LLOYDS

<u>Amount and Date</u>	<u>Sky Bank</u>	<u>Remacor</u>
\$200,000 - September 12, 2005	\$125,000	\$ 75,000
\$415,000 - March 22, 2006	290,000	125,000
<u>\$125,000*</u> - May 19, 2006	<u>100,000</u>	<u>25,000</u>
\$740,000	\$515,000	\$225,000

*Discounted cleanup provision in order to settle. Lloyds refused to pay.

\$166,000 – Due
125,000 – Paid

\$ 41,000 – Discounted 25%

5/23/06



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX

TO: Robert Lucke
Arvel, LLC

Thomas H. Logan
T. H. Logan & Associates

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 5/11/06

SUBJECT: **Amacor – Purchase of OMS Processing Technology**

I had a meeting with the president of Amacor and four other key officers yesterday regarding some type of relationship with Remacor. They want to purchase our oily Mg scrap recycling technology and want to know the estimated cost of a 1500 TPY and 3000 TPY facility.

I have included some background information on Amacor. The plant was originally built by Xtrata, a Swiss company, in 2001 for roughly \$23.0 million. It was purchased by Jan Guy, Amacor's president and CEO in 2003 for \$1.2 million.

The Amacor facility is a state-of-the-art secondary magnesium smelting (remelting) operation. There are roughly 60,000 tons of magnesium diecastings that go into the automotive industry each year. Approximately 30-40% or 24,000 TPY of Class I scrap is generated each year and shipped to smelters for melting and casting into ingots that are shipped back to the diecaster. There are six smelters in North America:

- | | | |
|---------------------|---|--|
| 1. Norsk Hydro | - | Montreal, Canada (Primary Mg Ingot Producer) |
| 2. Normet | - | Carmel, IN |
| 3. Amacor | - | Anderson, IN |
| 4. U.S. MAG | - | Salt Lake City, UT (Primary Mg Ingot Producer) |
| 5. Halico | - | Tennessee |
| 6. Garfield Alloys- | | Cleveland, OH |

The automotive industry requires that the Mg scrap be remelted by certified smelters into a secondary ingot and returned to the diecaster.

"It's Performance That Counts"

Memo to Robert Lucke and Thomas Logan

5/11/06

Page 2

These six companies are competing for about 25,000 – 30,000 TPY of Class I scrap. Amacor supposedly has a melting capacity of 25,000 TPY. Presently, they are only melting on the midnight shift because of the low demand charge on their power bill, which indicates that they are only melting about 5000 – 7000 TPY or 25% of the available scrap. This could be as high as 50% of the available scrap since some diecasters are doing their own remelting. Amacor has a hard time competing with the ingot producers. Ingot producers cannot process oily Mg scrap!

In any event, Amacor is looking for a competitive advantage in securing the Class I scrap remelting/recycling contracts. None of the six smelters listed above have the capability of processing oily magnesium scrap. The type they are interested in is shown in Photograph 6 of the booklet I sent you with the photos of the various types of scrap. There is roughly 6000 TPY of magnesium turnings and oily Mg scrap that cannot be smelted as-received by these various diecasters. Presently, Remacor charges the diecasters anywhere from \$0.10 to \$0.50/lb to receive and process this type material. The diecasters' only other choice is expensive land filling. Amacor is not interested in magnesium turnings. You can't remelt turnings efficiently. Plus, it's unsafe!

Obviously, Amacor would have a tremendous competitive advantage for the Mg smelting contracts if they could take the "crappy stuff" free of charge as a service to their customers. By acquiring Remacor's oily Mg scrap recycling technology they would have a tremendous advantage in securing these recycling contracts plus the additional sales and gross profit generated by having this production capability and processing this material. I can't really evaluate the increased sales and profitability they would generate with this capability by securing the additional recycling business. I have, however, put together the increase sales and profitability they would generate by processing 240,000 lbs/month (1500 TPY) of oily Mg scrap.

Amacor wants to purchase our OMS technology and will make a proposal the first week in June. Amacor probably does about \$6 - \$10 million per year based on only melting on the midnight shift on a 25,000 TPY facility.

Incidentally, we are forecasted to receive 70,000 lbs per month of clean Mg fines from Amacor for which we pay \$0.35/lb FOB their plant. There are several methods of payment for the technology. I am sure an outright cash payment for the total value will be difficult for them. One way would be for them to discount the raw material charge.

We need to get together to develop a strategy to "wrap this into the Environmental Quality investment possibility" (per Tom Logan). My major concern is that Amacor might not have the cash to pay up front for the true value of technology and we only have about three months to finalize our financing project before being shut down by the PA DEP. They are concerned about our growing inventory and no progress on rebuilding!

Should we meet to further discuss?

Joe

JRJ/mjl

Attachments



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

TO: Thomas H. Logan
T. H. Logan & Associates

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 5/18/06

SUBJECT: Amacor Purchasing Remacor's OMS Technology
Meeting at 2 PM Wednesday, 5/24/06

Amacor is interested in securing Remacor's OMS technology in order to have a competitive advantage over about five other secondary smelters. It is the "we will give you the good stuff - if you take the bad stuff" proposition. This technology gives Amacor the ability to secure a larger market share of the Class 1 recycling business. The following gross profit and ROI figures do not factor in any increased Class 1 recycling business. The gross profit figures are strictly based on the processing and metallic recovery of 250,000 lbs per month of oily Mg scrap (OMS). Since the 250,000 lbs/month or 1500 TPY is based on an 8-hour shift, operating two or three shifts per day for 20 days increases production capacities to 3000 and 4500 TPY.

I have put together some information for your review in advance of our meeting:

- Cost to Construct OMS Facility
- Raw Material Reconciliation
- OMS Operating Cost Per Month
- OMS Technology Value to Amacor
 - 1500 TPY
 - 3000 TPY
 - 4500 TPY
- Cost of Technology and ROI Summary

Obviously, our OMS technology would give Amacor a tremendous advantage in the market place to secure additional Class 1 recycling contracts. However, the OMS processing capability in itself generates additional sales and gross profit from the recovery of the metallic Mg from the OMS.

Thomas H. Logan

5/18/06

Page 2

The questions are:

What do we charge Amacor for the technology?

How much can they afford up front at closing?

What kind of a royalty agreement do we structure - five years or ten years?

If you have any questions, please call; otherwise, I will see you next Wednesday.

JRJ/mjl

A handwritten signature in cursive script, appearing to read "Joe".

REMACOR, INC.
OILY MG SCRAP
PROCESSING SEQUENCE
FOR
250,000 LBS PER MONTH

1. 12,500 lbs per 8-hour day to be screened.
2. 4,375 lbs per 8-hour day of waste to be neutralized and land filled.
3. 8,125 lbs per day to be shredded at a rate of 1,500 lbs/hr:
4. 8,125 lbs of shredded material to be washed
 - 8 batches @ 1,016 lbs per batch
5. 8,125 lbs of shredded and washed material to be dried @ 300 - 350°F.
6. 8,125 lbs per day of dried material to be screened:
 - 7,312 lbs of 4" x 1" material for melting
 - 813 lbs of minus 1" for Remacor
7. 7,312 lbs to be melted @ 85% yield
8. 6,215 lbs of AZ91 ingot produced
 - 1,097 lbs of remelt slag for disposal

5/18/06

REMACOR, INC.
OILY MG SCRAP (OMS)
PROCESSING TECHNOLOGY

RAW MATERIAL RECONCILIATION

Assumptions:

1. Waste materials (range 55 – 75%) – average 65%
2. Recovered metallics – 65% average
3. % minus 1" shredder fines – 10% of shredded metallics
4. Remelt losses estimated at 15%

	<u>Lbs/Month</u>	<u>% by Weight</u>
1. Oily Mg Scrap Processed	<u>250,000</u>	<u>100.0</u>
2. Recoverable AZ91 Ingot	124,313	49.7
3. Shredder fines @ 10% of shredded	16,250	6.5
4. Remelt losses @ 15% of melttables	21,937	8.8
5. Waste material @ 35% of total	<u>87,500</u>	<u>35.0</u>
Total Material Processed	250,000	100.0

5/18/06

TO: T. J. Matesic
J. L. Lingenfelter

FROM: J. R. Jackman

DATE: 5/12/06

SUBJECT: Possible OMS Technology Sale to Amacor

Amacor has indicated they want to purchase our OMS technology. They would like to know the capital costs required to build a 250,000 lbs/month (1 shift/day, 20 days) facility. Please prepare a preliminary estimate on equipment and installation costs for the facility. Also, lay out a footprint of the plant so that they know the space requirements. They have lots of space.

They want to reduce the material from valve cover size to about a 4" average size. We should attempt to minimize fines. A size of 4" x 2" would be perfect. Maybe a shredder would be more desirable than a hammermill.

Components of the system should be:

- Feed hopper and conveyor
- Shredder/hammermill
- Conveyor to wash/mixer
- Wash tank (Would we need one or two washers?)
- Centrifuge/chip wringer
- Water filtration and recycling system
- Dryer

(Also, anything else that I may have overlooked.)

In your preliminary estimate, use new equipment cost but indicate in a separate column, what used equipment would cost. This will give them an option.

In addition, put together a cost estimate on operations: direct labor, maintenance, power, detergent, water, fuel for dryer, waste disposal (assuming 65% recovery and disposal of the other 35%), etc. in terms of \$/lb of dried material.

Regarding rates, be sure to use achievable rates. For example, to produce 250,000 lbs/month (1 shift/day), we need to average approximately 1562 lbs/hour. Therefore, use a safety factor of two or 50% efficiency. To achieve 1600 lbs/hr., design for 3200 lbs/hr or 52 lbs/min. This would give them the following minimum annual rated capacities:

Memo to TJM and JLL
Possible OMS Technology Sale to Amacor
5/12/06

<u>Operating Times</u>	<u>Lbs/Month</u>	<u>TPY</u>
1 shift/day, 20 days	256,000	1,500
2 shifts/day, 20 days	512,000	3,000
3 shifts/day, 20 days	786,000	4,500
3 shift/day, 30 days	1,179,000	7,074

Please review and discuss this situation and let's meet at 9:30 AM Monday morning to discuss to be sure you have all the correct information and design parameters.

This is a great opportunity!!!

JRJ/mjl





Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
(818) 907-9253

May 9, 2006

BCC: JRT
CW
RL

Mr. Thomas R. Atkins
Account Executive
Commercial Collection Consultants
16830 Ventura Blvd. - Suite 620
Encino, CA 91436

RE: Baker Tanks - \$3955.20 Balance

Dear Mr. Atkins:

As I have indicated in prior e-mails to you, we have been struggling with the insurance company to pay the claim on the August 6, 2005 fire. It has still not been completely resolved.

In the meantime, we have been trying to put together a refinancing package to get the plant rebuilt. We have tentative commitments on subordinated debt and term debt contingent on the company injecting \$400,000 in new equity. We are presently in negotiations with several outside investors who are insisting on restructuring our existing secured and unsecured debt.

In February, we had agreed to begin making payments on the \$3955.20 due Baker Tanks on May 1 and paying them in full over six months. Unfortunately, in order for us to secure the equity enabling us to close on our total refinancing package, we must achieve a certain debt-to-equity ratio. In order for this transaction to close, we must complete the debt restructuring conditions, part of which will require us to negotiate a 50% reduction in our trade payables.

Therefore, we would agree to pay Baker Tanks, at closing on the refinancing transaction, a sum of \$1977.60. Anticipated closing is scheduled sometime between July 15 and August 15.

If we are not successful in complying with the terms and conditions set forth by the equity investor, the refinancing effort will fail and Remacor will be forced to file Chapter 11.

Mr. Thomas R. Atkins
May 9, 2006
Page 2

We know this is not what you want to hear, but hope you will understand our situation and accept this offer. If this is acceptable, please sign below and return to me a copy of this letter.

Sincerely

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl

We agree to the terms set forth in the above letter.

Company

Signature

Title

Date

Confirmation Report - Memory Send

Page : 001
Date & Time: 09-May-06 10:44am
Line 1 : +
Machine ID : REMACOR WEST PGH

Job number : 355
Date : 09-May 10:43am
To : 81-818 907 9253
Number of pages : 002
Start time : 09-May 10:43am
End time : 09-May 10:44am
Pages sent : 002
Status : OK

Job number : 355

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Office of the President

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May 9, 2006

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16830 Ventura Blvd. - Suite 620
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"It's Performance That Counts"



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA UPS OVERNIGHT MAIL

May 8, 2006

Mr. Donald Jones
Draper Triangle Ventures
20th Floor
Two Gateway Center
Pittsburgh, PA 15222

RE: Investment Opportunity in Remacor, Inc.

Dear Don:

As Irv Gruber probably told you, we are seeking \$300,000 in equity or subordinated debt as part of a financing package. I have enclosed a copy of our Business Review, which gives you an overview of the business and the opportunity it represents and a copy of our Proforma Financial Statements. In addition, I have included copies of other pertinent information that I felt would be helpful to you in reviewing this opportunity.

Essentially, we are the only company in the U.S. that has patented technology and know-how to process/recycle certain types of magnesium scrap into magnesium granules, which are sold into the steel industry for hot metal desulfurization.

We began operations as Remacor, Inc. on March 1, 2004 and operated with 35 employees until our warehouse fire on August 6, 2005. Since our fire, we have been operating at a reduced level. We are generating some income by receiving and inventorying our raw materials. We generate about \$30,000-\$40,000 per month on the fees we are paid to process the various forms of magnesium scrap. This has allowed us to operate at a reduced level until we can secure our financing to expand the operation.

We had to file suit in February against Lloyds of London in order to get them to pay the \$790,000 fire loss claim. After we filed suit, Lloyds finally agreed to pay the claim in full.

Mg granules are used in the steel industry for hot metal desulfurization. Presently there are 30,000 tons per year of Mg granules imported from China for use in the steel industry in North America. Our technology not only eliminates the landfilling of most of these hazardous waste materials here in the U.S., it also creates a product that is competitive with Mg powder presently dominated worldwide by the Chinese.

Mr. Donald Jones
May 8, 2006
Page 2

The Chinese have captured the magnesium market worldwide and have forced four major magnesium producers here in North America out of the magnesium production business: Alcoa (U.S.), Dow Chemical (U.S.), Timminco (Canada) and Magcan (Canada). The Chinese produce Mg granules from primary magnesium ingot and sell into the U.S. at a cost of approximately \$0.90/lb. Remacor, Inc., with patented technology, can produce Mg granules by recycling Mg waste materials into Mg granules at a cost of approximately \$0.40/lb. This material is presently being sold by Remacor at a cost of \$0.75 - \$0.80/lb to the hot metal reagent producers here in the U.S. We sell every pound we can produce. Presently, we only have a production capacity of 1000 tons per year and want to increase our production capacity to 2500 TPY immediately with a three-year goal of 5000 TPY.

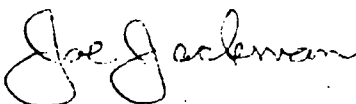
Our financing package consists of three parts. The first part is a federal grant. Last November, I contacted the Deputy Secretary of the Department of Environmental Protection of Pennsylvania (EPA) to see if a state or federal grant was available in view of our recycling of hazardous waste activities. He was very positive and put me in touch with the Pennsylvania Recycling Market Center and the Pennsylvania Technical Assistance Program (PENNTAP). The PRMC was created by the U.S. EPA specifically to help companies like Remacor, Inc, in all areas. The timeline on the grant is six to twelve months. I have included a letter from Bob Meneses of the PRMC regarding their assistance in securing a grant. We have just submitted a preliminary Abstract to the Department of Energy because of the huge energy savings in recycling the magnesium. Obviously, we may or may not be successful in securing the grant.

The second part of our financing package is the equity portion. The present shareholders will provide \$100,000 in equity, the CL Fund from Pittsburgh will provide \$125,000 in subordinated debt and we will require another \$300,000 in equity or convertible subordinated debt from another investor. Providing all these funds are secured, we will then put together the third part of our financing package, a \$1.0 million SBA 504 loan. This requires 50% from a private lender, 40% from the SBA and 10% equity. We are having discussions with several banks regarding a commitment for the \$500,000. It appears, at this time, that if we get the equity in place we will get a commitment on the \$500,000 portion of the SBA loan and a \$300,000 line of credit from a new bank. We have reflected all of the above into a Proforma Balance Sheet, which is also included in this package.

If you need any additional information or have any questions, please don't hesitate to give me a call.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl

CC: Irv Gruber



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
717-948-6753

May 4, 2006

Mr. Robert Meneses
Market Development Manager
Pennsylvania Recycling Market Center
Penn State – Harrisburg
777 West Harrisburg Pike
3rd Floor, Church Hall
Middletown, PA 17057

Dear Bob:

At a meeting with the DEP here in West Pittsburg on March 9, 2006 and at a meeting in Meadville on March 30, 2006, I informed the people in attendance that Eugene DePasquale, the Deputy Secretary of the DEP, had been extremely helpful in putting me in touch with you and Gary Miller. I specifically, at both meetings, emphasized how helpful the Pennsylvania Recycling Market Center was in assisting us in our financing objectives.

I also, at both meetings, then asked not to let this get to the front pages for fear of scaring away our potential investors.

On April 20, I called Eugene DePasquale and asked him if Meadville could be reasonable so as not to kill my refinancing efforts. He said for me "to negotiate through counsel".

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl
Attachment



Pennsylvania
Department of Environmental Protection
www.dep.state.pa.us

James D. Rozakis
Assistant Regional Director

230 Chestnut Street
Meadville, PA 16335

Office: 814-332-6816
Fax: 814-332-6125
jrozakis@state.pa.us



Pennsylvania
Department of Environmental Protection
www.dep.state.pa.us

Daniel Holler
*Emergency Response Program Manager
Northwest Field Operations*

230 Chestnut Street
Meadville, PA 16335

Office: 814-332-6816
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Emrgcy. Contact Phone: 1-800-373-3398
dholler@state.pa.us



Pennsylvania
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David E. Milhous, P.E.
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Pennsylvania
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Desk: 814-332-6836
Fax: 814-332-6121



Pennsylvania
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Assistant Counsel

Office of Chief Counsel
Northwest Regional Counsel
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Governor's Office
of General Counsel



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Assistant Counsel

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Governor's Office
of General Counsel



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Brian A. Mummert
*Solid Waste Supervisor
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Meadville, PA 16335

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Pennsylvania
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Joe Galus
*Solid Waste Specialist
Waste Management Program*

121 North Mill Street
New Castle, PA 16101

Office: 724-656-3160
Fax: 724-656-3267
Galus.Joseph@dep.state.pa.us

Remacor

J.R. Jackmann

J.L. Lingenfelter

Joe Dawley - counsel from Babt in P/h.

Meeting in Meadville on March 30, 2006



Pennsylvania
Department of Environmental Protection
www.dep.state.pa.us

Daniel Holler

*Emergency Response Program Manager
Northwest Field Operations*

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Pennsylvania
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Joe Galus

*Solid Waste Specialist
Waste Management Program*

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Fax: 724-656-3267
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Two Township Supervisors

J.R. Jackman Pres

J.L. Ungenfelten Alt. Mgr

Meeting @ West Pittsburg on
March 9, 2006

Confirmation Report - Memory Send

Page : 001
Date & Time: 04-May-06 01:19pm
Line 1 : +
Machine ID : REMACOR WEST PGH

Job number : 332
Date : 04-May 01:16pm
To : 81-717 948 6753
Number of pages : 003
Start time : 04-May 01:18pm
End time : 04-May 01:19pm
Pages sent : 003
Status : OK

Job number : 332

*** SEND SUCCESSFUL ***



Office of the President

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FAX: (724) 535-7761

VIA FAX
717-948-6753

May 4, 2006

Mr. Robert Meneses
Market Development Manager
Pennsylvania Recycling Market Center
Penn State - Harrisburg
777 West Harrisburg Pike
3rd Floor, Church Hall
Middletown, PA 17057

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Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl
Attachment

"It's Performance That Counts"



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
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VIA UPS OVERNIGHT MAIL

May 4, 2006

Mr. Bruce Murray
Vice President, Sales & Marketing
Advanced Magnesium Alloy Corporation
1820 East 32nd Street
Anderson, IN 46038

RE: Investment Opportunity in Remacor, Inc.

Dear Bruce:

I wanted to send everyone information for review prior to our meeting next Wednesday. As I indicated, we have been working on a refinancing package since our fire of last August 6. I don't have to tell you folks what a mess that has been. We are finally getting paid by Lloyds of London, our insurance carrier. We had to get legal counsel and threaten to file a bad faith claim against them before they would agree to pay the claim.

I want to be in a position by June 1-15 to make a decision on which offer is the best for the company and myself. Presently, we are having serious discussions with several parties that range from a \$300,000 purchase of 25% of the equity to the outright purchase of the company. I haven't decided, at this point, which proposal will be the best.

My primary concern is that we get the \$1.45 million refinancing in place as soon as possible. Our present schedule is to close on the transaction 60 days after a decision on the equity portion and begin equipment installation by no later than August 1. We should be producing by September 1. Presently we have a commitment from the CL Fund of Pittsburgh to provide \$125,000 in subordinated debt and a commitment of \$400,000 on an SBA 504 loan. Once we get the equity commitment, everything else falls into place. Then we will be in a position to secure a \$500,000 commitment for the balance of the SBA 504 loan, which is 90% guaranteed by the SBA. The financing structure in regards to the \$300,000 equity transaction is as follows:

Mr. Bruce Murray

May 4, 2006

Page 2

- SBA 504 Loan for Equipment

CL Fund	-	\$ 400,000	- Tentatively Committed
New Bank	-	500,000	- To be selected after securing equity
Remacor			
Shareholder	-	100,000	- Committed

- Working Capital

New Equity	-	300,000	- Decision by June 15
CL Fund	-	<u>125,000</u>	- Tentatively Committed
Total	-	<u>\$1,425,000</u>	

The discussions regarding the purchase of controlling interest in the company could obviously change the financing structure as outlined above.

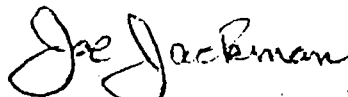
Since you all are familiar with Remacor and with the synergism between our two companies in the magnesium scrap recycling business, I did not want to make a decision without first giving you the opportunity to review the situation and decide whether or not you would have interest in having further discussions on a possible investment.

I realize you are all going to China next week. If, after reviewing the enclosed information and further discussion next week, you would have an interest in further discussion when everyone returns from China, we can hold off making a final decision. However, if you decide, after reviewing the financial information, that you are not interested, please let me know and we can cancel next week's meeting. If you want to further discuss, without any obligation, I will see you all next Wednesday.

Incidentally, I have also enclosed an e-mail from Terry Horth and my response regarding the nice publicity we got from the PA DEP's threatened injunction. I have also attached our News Release in response to requests for comments. This is just what potential investors want to hear!!

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl

Enclosures



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA UPS OVERNIGHT MAIL

cc MJL

TO: James W. Kraus, Esq.
Pietragallo, Bosick & Gordon, LLP

Copy to: Barry Trilling, Wiggin and Dana, LLP
Jack L. Lingenfelter, Plant Manager
Louis C. Long, Esq., Pietragallo, Bosick & Gordon, LLP

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 5/3/06

SUBJECT: **Background Info on Remacor, Inc.**

I wanted to send you some background information on Remacor, Inc. that will give you a much better understanding of what we do, our history and our opportunity, providing we can complete our refinancing package in view of the DEP's news release of May 2:

- Business Review
- Proforma Financials
- Photographs of Various Types of Magnesium Scrap
- Information on Barry Twilling of Wiggin and Dana LLP
- Information I gave the Lawrence County Commissioners at a meeting on April 25. This is regarding getting title to the property about which the DEP is concerned.
- Consent Order and Agreement with the DEP dated October 13, 2004. We were in compliance with the COA at the time of our August 6, 2005 fire in spite of what their May 2 news release states.



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA UPS OVERNIGHT

May 2, 2006

Mr. Robert McGuire
Standish Capital, LLC
225 Ross Street
Pittsburgh, PA 15219

Dear Bob:

I am enclosing a weekly Cash Flow Projection through March 31, 2007, as we discussed. I have also included an updated Quarterly Cash Flow. This will differ slightly from the one you have because of the update. You can see from the Weekly Cash Flow Projections that we are planning the beginning of construction and equipment installation the first week in August.

We are hoping to finalize our equity search by May 31 and close on the transaction by July 31.

Please give me a call if you have any questions. Looking forward to having further discussion with you regarding a possible investment in Remacor, Inc. I hope you can come visit us this week or early next week so you can get a better feel for the project and the opportunity.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

Enclosure



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA FAX
504-200-2544

TO: Sam Gerber, Esq.
Newton & Associates

FROM: Joseph R. Jackman
President
Remacor, Inc.

DATE: 5/1/06

SUBJECT: Case #779630-06 – Ducon Technologies, Inc.

Pursuant to your telephone conversation this afternoon with Charles Willison of our office, I am sending this fax to confirm the information that was relayed to you by Mr. Willison.

On August 6, 2005, we had a devastating fire that completely destroyed our warehouse and part of our production facility, which resulted in the shutdown of our plant. We had 35 employees employed at that time. The loss was approximately \$1.5 million. Lloyds of London, our insurance company, disputed the claim and we were required to engage counsel to reach a settlement. We are in the process of settling with Lloyds. However, the majority of the proceeds will go to the bank, which had financed our inventory, machinery and equipment and accounts receivables.

We are, however, in the process of refinancing the company via a \$1,000,000 SBA 504 loan whereby a bank loans us \$500,000, the SBA \$400,000 and \$100,000 from the company. Also, \$500,000 will be invested in the form of subordinated debt and equity through outside investors. We should be finalized on the various parts of the refinancing commitments by May 31. It will take another 60 days to close on the transaction. We will start construction and rebuilding on August 1.

We will not be in a position to restart the plant until September. Presently, we barely have enough funds to pay the bare necessities to keep the office functioning. We have worked out agreements with our banks and other creditors to grant us a moratorium on all payments until we can restart the plant. We absolutely have no cash for any payments at this time and any legal action anyone takes against us at this time complicates our ability to restore our banking relationships and restart our plant and pay our liabilities.

We appreciate your understanding during these very unfortunate circumstances.

JRJ/mjl

"It's Performance That Counts"

Confirmation Report - Memory Send

Page : 001
Date & Time: 01-May-06 02:35pm
Line 1 : +
Machine ID : REMACOR WEST PGH

Job number : 305
Date : 01-May 02:34pm
To : 21-504 200 2544
Number of pages : 001
Start time : 01-May 02:34pm
End time : 01-May 02:35pm
Pages sent : 001
Status : OK

Job number : 305

*** SEND SUCCESSFUL ***



Office of the President

VIA FAX
504-200-2544

TO: Sam Gerber, Esq.
Newton & Associates

FROM: Joseph R. Jackman
President
Remacor, Inc.

DATE: 5/1/06

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FAX: (724) 535-7761



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
330-332-4686

May 1, 2006

Mr. Thomas H. Logan
T.H. Logan & Associates
9276 Youngstown-Salem Road
Canfield, OH 44406

Dear Tom:

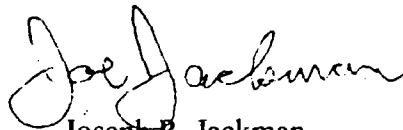
Pursuant to our conversation this afternoon, Remacor, Inc. agrees to pay T.H. Logan & Associates a 5% finder's fee on the value of the equity investment made to Remacor, Inc. on the following three companies:

1. Environmental Quality Company, Inc., Mike Miller, President
2. Pines Investment, LLC, Gary Johns, Managing Member
3. Clinton Springs Investments, Dick Westheimer

In addition, should one of the above make an equity investment in Remacor, Inc. and be successful in purchasing the subordinated debentures of James Rich and/or Irv Gruber, the company will pay an additional \$5000 for each of the debenture holders retired.

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

JRJ/mjl

Confirmation Report - Memory Send

Page : 001
Date & Time: 01-May-06 01:59pm
Line 1 : +
Machine ID : REMACOR WEST PGH

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Date : 01-May 01:57pm
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Start time : 01-May 01:58pm
End time : 01-May 01:59pm
Pages sent : 001
Status : OK

Job number : 304

*** SEND SUCCESSFUL ***



Office of the President

VIA FAX
330-332-4686

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

May 1, 2006

Mr. Thomas H. Logan
T.H. Logan & Associates
9276 Youngstown-Salem Road
Canfield, OH 44406

Dear Tom:

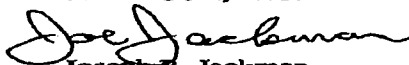
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Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

JRJ/mjl

"It's Performance That Counts"



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West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA UPS OVERNIGHT MAIL

April 26, 2006

Mr. Gary Hitechew
President
Laurel Capital Corporation
6600 Brooktree Drive
Suite 3000
Wexford, PA 15090-0839

RE: Investment Opportunity in Remacor, Inc.

Dear Gary:

John Kline e-mailed me the memo he sent you today. I am enclosing a complete package for your review. If you have any interest, please give me a call.

We are seeking \$300,000 in equity or subordinated debt as part of a financing package. I have enclosed a copy of our Business Review, which gives you an overview of the business and the opportunity it represents and a copy of our Proforma Financial Statements. In addition, I have included copies of other pertinent information that I felt would be helpful to you in reviewing this opportunity.

Essentially, we are the only company in the U.S. that has patented technology and know-how to process/recycle certain types of magnesium scrap into magnesium granules, which are sold into the steel industry for hot metal desulfurization.

We began operations as Remacor, Inc. on March 1, 2004 and operated with 35 employees until our warehouse fire on August 6, 2005. Since our fire, we have been operating at a reduced level. We are generating some income by receiving and inventorying our raw materials. We generate about \$30,000-\$40,000 per month on the fees we are paid to process the various forms of magnesium scrap. This has allowed us to operate at a reduced level until we can secure our financing to expand the operation.

We had to file suit in February against Lloyds of London in order to get them to pay the \$790,000 fire loss claim. After we filed suit, Lloyds finally agreed to pay the claim in full.

Mg granules are used in the steel industry for hot metal desulfurization. Presently there are 30,000 tons per year of Mg granules imported from China for use in the steel industry in North America. Our technology not only eliminates the landfilling of most of these hazardous

waste materials here in the U.S., it also creates a product that is competitive with Mg powder presently dominated worldwide by the Chinese.

The Chinese have captured the magnesium market worldwide and have forced four major magnesium producers here in North America out of the magnesium production business: Alcoa (U.S.), Dow Chemical (U.S.), Timminco (Canada) and Magcan (Canada). The Chinese produce Mg granules from primary magnesium ingot and sell into the U.S. at a cost of approximately \$0.90/lb. Remacor, Inc., with patented technology, can produce Mg granules by recycling Mg waste materials into Mg granules at a cost of approximately \$0.40/lb. This material is presently being sold by Remacor at a cost of \$0.75 - \$0.80/lb to the hot metal reagent producers here in the U.S. We sell every pound we can produce. Presently, we only have a production capacity of 1000 tons per year and want to increase our production capacity to 2500 TPY immediately with a three-year goal of 5000 TPY.

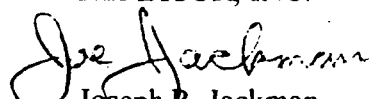
Our financing package consists of three parts. The first part is a federal grant. Last November, I contacted the Deputy Secretary of the Department of Environmental Protection of Pennsylvania (EPA) to see if a state or federal grant was available in view of our recycling of hazardous waste activities. He was very positive and put me in touch with the Pennsylvania Recycling Market Center and the Pennsylvania Technical Assistance Program (PENNTAP). The PRMC was created by the U.S. EPA specifically to help companies like Remacor, Inc, in all areas. The timeline on the grant is six to twelve months. I have included a letter from Bob Meneses of the PRMC regarding their assistance in securing a grant. We have just submitted a preliminary Abstract to the Department of Energy because of the huge energy savings in recycling the magnesium. Obviously, we may or may not be successful in securing the grant.

The second part of our financing package is the equity portion. The present shareholders will provide \$100,000 in equity, the CL Fund from Pittsburgh will provide \$125,000 in subordinated debt and we will require another \$300,000 in equity or convertible subordinated debt from another investor. Providing all these funds are secured, we will then put together the third part of our financing package, a \$1.0 million SBA 504 loan. This requires 50% from a private lender, 40% from the SBA and 10% equity. We are having discussions with several banks regarding a commitment for the \$500,000. It appears, at this time, that if we get the \$300,000 in equity in place we will get a commitment on the \$500,000 portion of the SBA loan and a \$300,000 line of credit from a new bank. We have reflected all of the above into a Proforma Balance Sheet, which is also included in this package.

If you need any additional information or have any questions, please don't hesitate to give me a call.

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA UPS OVERNIGHT MAIL

April 26, 2006

Dr. Vic Russo
1375 Nittany Valley Drive
Bellefonte, PA 16823

RE: Investment Opportunity in Remacor, Inc.

Dear Dr. Russo:

Pursuant to my conversation today with Bill Metzger, we are seeking \$300,000 in equity or subordinated debt as part of a financing package. I have enclosed a copy of our Business Review, which gives you an overview of the business and the opportunity it represents and a copy of our Proforma Financial Statements. In addition, I have included copies of other pertinent information that I felt would be helpful to you in reviewing this opportunity.

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"It's Performance That Counts"

Dr. Vic Russo
April 26, 2006
Page 2

Mg granules from primary magnesium ingot and sell into the U.S. at a cost of approximately \$0.90/lb. Remacor, Inc., with patented technology, can produce Mg granules by recycling Mg waste materials into Mg granules at a cost of approximately \$0.40/lb. This material is presently being sold by Remacor at a cost of \$0.75 - \$0.80/lb to the hot metal reagent producers here in the U.S. We sell every pound we can produce. Presently, we only have a production capacity of 1000 tons per year and want to increase our production capacity to 2500 TPY immediately with a three-year goal of 5000 TPY.

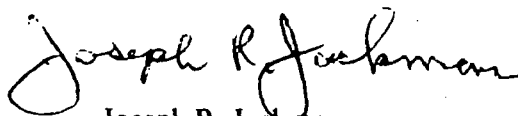
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Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA UPS OVERNIGHT MAIL

April 26, 2006

Ms. Inez Kohn
P.O. Box 203
Lewisburg, PA 17837

RE: Investment Opportunity in Remacor, Inc.

Dear Ms. Kohn:

Pursuant to my conversation today with Bill Metzger, we are seeking \$300,000 in equity or subordinated debt as part of a financing package. I have enclosed a copy of our Business Review, which gives you an overview of the business and the opportunity it represents and a copy of our Proforma Financial Statements. In addition, I have included copies of other pertinent information that I felt would be helpful to you in reviewing this opportunity.

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Ms. Inez Kohn

April 26, 2006

Page 2

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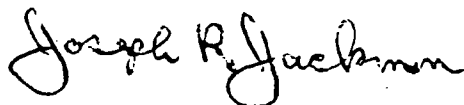
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Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA UPS OVERNIGHT MAIL

April 26, 2006

Mr. Larry Putterman
75 Oakwood Drive
Winfield, PA 17889

RE: Investment Opportunity in Remacor, Inc.

Dear Mr. Putterman:

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Mr. Larry Putterman

April 26, 2006

Page 2

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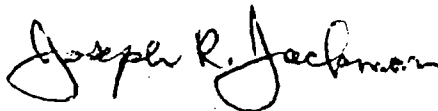
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If you need any additional information or have any questions, please don't hesitate to give me a call.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA UPS OVERNIGHT MAIL

April 26, 2006

Mr. George Burman
105 Red Fox Lane
Lewisburg, PA 17837

RE: Investment Opportunity in Remacor, Inc.

Dear Mr. Burman:

Pursuant to my conversation today with Bill Metzger, we are seeking \$300,000 in equity or subordinated debt as part of a financing package. I have enclosed a copy of our Business Review, which gives you an overview of the business and the opportunity it represents and a copy of our Proforma Financial Statements. In addition, I have included copies of other pertinent information that I felt would be helpful to you in reviewing this opportunity.

Essentially, we are the only company in the U.S. that has patented technology and know-how to process/recycle certain types of magnesium scrap into magnesium granules, which are sold into the steel industry for hot metal desulfurization.

We began operations as Remacor, Inc. on March 1, 2004 and operated with 35 employees until our warehouse fire on August 6, 2005. Since our fire, we have been operating at a reduced level. We are generating some income by receiving and inventorying our raw materials. We generate about \$30,000-\$40,000 per month on the fees we are paid to process the various forms of magnesium scrap. This has allowed us to operate at a reduced level until we can secure our financing to expand the operation.

We had to file suit in February against Lloyds of London in order to get them to pay the \$790,000 fire loss claim. After we filed suit, Lloyds finally agreed to pay the claim in full.

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The Chinese have captured the magnesium market worldwide and have forced four major magnesium producers here in North America out of the magnesium production business: Alcoa (U.S.), Dow Chemical (U.S.), Timminco (Canada) and Magcan (Canada). The Chinese produce

Mr. George Burman

April 26, 2006

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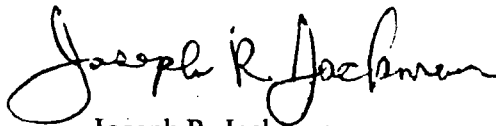
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REMACOR, INC.

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Joseph R. Jackman
President

JRJ/mjl



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA UPS OVERNIGHT MAIL

April 26, 2006

Mr. Gerrit Dykstra
Planeth LP
1340 Chestnut Street
Kulpmont, PA 17834

RE: Investment Opportunity in Remacor, Inc.

Dear Mr. Dykstra:

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Mr. Gerrit Dykstra

April 26, 2006

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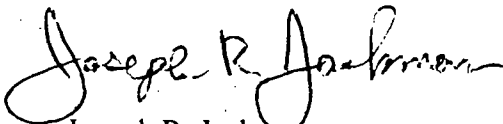
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Joseph R. Jackman
President

JRJ/mjl



Office of the President

VIA UPS OVERNIGHT MAIL

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

April 26, 2006

Mr. John Burfeindt
827 Pleasant View Road
New Columbia, PA 17856

RE: Investment Opportunity in Remacor, Inc.

Dear Mr. Burfeindt:

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"It's Performance That Counts"

Mr. John Burfeindt
April 26, 2006
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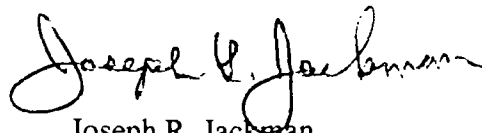
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Joseph R. Jackman
President

JRJ/mjl



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Office of the President

VIA UPS OVERNIGHT MAIL

April 26, 2006

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"It's Performance That Counts"

Mr. John Burfeindt

April 26, 2006

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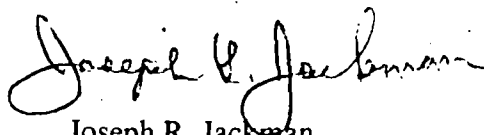
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Joseph R. Jackman
President

JRJ/mjl



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West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA UPS OVERNIGHT MAIL

April 26, 2006

Ms. Amanda Kessler
504 Lakeside Drive
Lewisburg, PA 17837

RE: Investment Opportunity in Remacor, Inc.

Dear Ms. Kessler:

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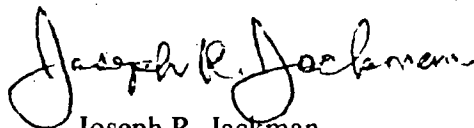
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Joseph R. Jackman
President

JRJ/mjl



Office of the President

VIA UPS OVERNIGHT MAIL

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

April 26, 2006

Mr. Robert McCormick
115 Farley Circle, Suite 104
Lewisburg, PA 17837

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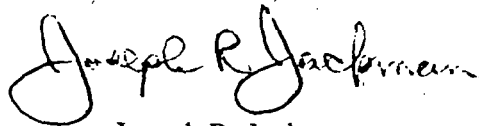
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The second part of our financing package is the equity portion. The present shareholders will provide \$100,000 in equity, the CL Fund from Pittsburgh will provide \$125,000 in subordinated debt and we will require another \$300,000 in equity or convertible subordinated debt from another investor. Providing all these funds are secured, we will then put together the third part of our financing package, a \$1.0 million SBA 504 loan. This requires 50% from a private lender, 40% from the SBA and 10% equity. We are having discussions with several banks regarding a commitment for the \$500,000. It appears, at this time, that if we get the \$300,000 in equity in place we will get a commitment on the \$500,000 portion of the SBA loan and a \$300,000 line of credit from a new bank. We have reflected all of the above into a Proforma Balance Sheet, which is also included in this package.

If you need any additional information or have any questions, please don't hesitate to give me a call.

Sincerely,

REMACOR, INC.

A handwritten signature in dark ink, appearing to read "Joseph R. Jackman". The signature is fluid and cursive, with the first name "Joseph" and last name "Jackman" clearly distinguishable.

Joseph R. Jackman
President

JRJ/mjl



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA UPS OVERNIGHT MAIL

April 26, 2006

Mr. William Metzger
Susquehanna Investment Network
One Kelly Square
Route 15 North
Lewisburg, PA 17837

RE: Investment Opportunity in Remacor, Inc.

Dear Bill:

Pursuant to my conversation today with you, we are seeking \$300,000 in equity or subordinated debt as part of a financing package. I have enclosed a copy of our Business Review, which gives you an overview of the business and the opportunity it represents and a copy of our Proforma Financial Statements. In addition, I have included copies of other pertinent information that I felt would be helpful to you in reviewing this opportunity.

Essentially, we are the only company in the U.S. that has patented technology and know-how to process/recycle certain types of magnesium scrap into magnesium granules, which are sold into the steel industry for hot metal desulfurization.

We began operations as Remacor, Inc. on March 1, 2004 and operated with 35 employees until our warehouse fire on August 6, 2005. Since our fire, we have been operating at a reduced level. We are generating some income by receiving and inventorying our raw materials. We generate about \$30,000-\$40,000 per month on the fees we are paid to process the various forms of magnesium scrap. This has allowed us to operate at a reduced level until we can secure our financing to expand the operation.

We had to file suit in February against Lloyds of London in order to get them to pay the \$790,000 fire loss claim. After we filed suit, Lloyds finally agreed to pay the claim in full.

Mg granules are used in the steel industry for hot metal desulfurization. Presently there are 30,000 tons per year of Mg granules imported from China for use in the steel industry in North America. Our technology not only eliminates the landfilling of most of these hazardous waste materials here in the U.S., it also creates a product that is competitive with Mg powder presently dominated worldwide by the Chinese.

Mr. William Metzger

April 26, 2006

Page 2

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REMACOR, INC.



Joseph R. Jackman
President



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA FAX
203-363-7676

TO: Barry J. Trilling
Wiggin and Dana LLP

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 4/25/06

SUBJECT: **Meeting with Lawrence County Commissioners
Tuesday, 4/25/06, 1:30 PM**

Present: Dan Vogler, Commissioner, Chairman
Ed Fosnaught, Commissioner
Steve Craig, Commissioner
Thomas Leslie, County Solicitor
Phone: 724-656-2120

Met with the Commissioners to explain our project and request a cancellation of the "free and clear" sale that had been scheduled for April 28, 2006. They had already cancelled the sale of the West Pittsburg property because of some confusion regarding the disposition of Reactive Metals & Alloys Corporation in regards to the bankruptcy.

I gave them a brief history and told them of our objective with respect to the property. I gave each one a copy of the four page attachment so that they had an accurate description of the various circumstances and events that have happened over the past five years.

They were willing to postpone the sale until after July 1st in order for us to officially meet and propose our plan. Tom Leslie, County Solicitor, wants you to call him as soon as possible. Steve Craig said he knew you and made some very complementary comments. I briefly explained what we wanted to do, but did not want to go into too much detail.

Incidentally, Steve Craig made the comment that the sale would be postponed but they just wanted the taxes paid. I told Steve that the tax liability of RMA was not the responsibility of Remacor, Inc. and that my overriding concern and objective was to save the 35 jobs in West Pittsburg and get Remacor, Inc. profitable, growing and a contributor to the local economy as soon as possible.

"It's Performance That Counts"

Confirmation Report - Memory Send

Page : 001
Date & Time: 25-Apr-06 02:33pm
Line 1 : +
Machine ID : REMACOR WEST PGH

Job number : 262
Date : 25-Apr 02:31pm
To : 21-203 363 7676
Number of pages : 006
Start time : 25-Apr 02:31pm
End time : 25-Apr 02:33pm
Pages sent : 006
Status : OK

Job number : 262

*** SEND SUCCESSFUL ***



Office of the President

VIA FAX
203-363-7676

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P. O. Box 366, Route 168
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(724) 535-4337
FAX: (724) 535-7761



Office of the President

VIA UPS OVERNIGHT MAIL

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

April 26, 2006

Dr. Sabah Dabby
c/o Restek
110 Benner Circle
Bellefonte, PA 17889

RE: Investment Opportunity in Remacor, Inc.

Dear Dr. Dabby:

Pursuant to my conversation today with Bill Metzger, we are seeking \$300,000 in equity or subordinated debt as part of a financing package. I have enclosed a copy of our Business Review, which gives you an overview of the business and the opportunity it represents and a copy of our Proforma Financial Statements. In addition, I have included copies of other pertinent information that I felt would be helpful to you in reviewing this opportunity.

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The Chinese have captured the magnesium market worldwide and have forced four major magnesium producers here in North America out of the magnesium production business: Alcoa

Dr. Sabah Dabby

April 26, 2006

Page 2

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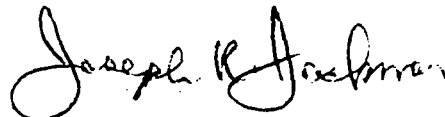
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Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA UPS OVERNIGHT MAIL

April 24, 2006

Mr. Robert McGuire
Standish Capital, LLC
225 Ross Street
Pittsburgh, PA 15219

RE: Equity Investor

Dear Bob:

Pursuant to our conversation today, we are seeking \$300,000 in equity or subordinated debt as part of a financing package. I have enclosed a copy of our Business Review, which gives you an overview of the business and the opportunity it represents and a copy of our Proforma Financial Statements. In addition, I have included copies of other pertinent information that I felt would be helpful to you in reviewing this opportunity.

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"It's Performance That Counts"

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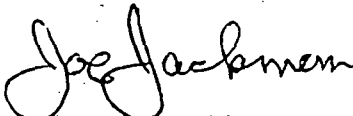
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Sincerely,

REMACOR, INC.



Joseph R. Jackman
President



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
412-261-5295

TO: Louis C. Long, Esq.
Pietragallo, Bosick & Gordon, LLP

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 4/24/06

SUBJECT: **Cleanup Estimates**

We have received the following updated estimates on the cleanup of the inventory materials lost in the fire. These updated quotes eliminate the building materials and the equipment removal. As you can see, they range from \$70,310 to \$210,925. They were to estimate the volume to be removed based on their experience.

1. Waste Management Quote of April 12, 2006

This quote is based on Remacor's estimated number of rolloffs which seems to be high based on the other quotations but is based on our past experience and Waste Management's input. Waste Management has been hauling away our waste materials for 20 years.

Their quote ranges from \$124,782 to \$163,000 is for only waste materials – not building debris or equipment.

2. WEG Quotation of September 27, 2005.

The estimated cost for WEG to remove only the inventory materials is listed in items 1 through 4 which total approximately \$210,925. The equipment removal and building debris has not been included in this estimated total. Items 5, 6 and 7 deal with the building debris.

<u>Item</u>	<u>Cost</u>
1.	\$ 4,850
2.	199,500
3.	4,375
4.	<u>2,200</u>
Total Estimate	\$210,925

3. MEI's Revised Quotation of April 7, 2006

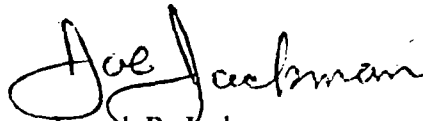
Dennis Newton of McCutcheon estimates there to be 750 to 1500 tons of inventory and inventory/building block debris which will be impossible to separate. Based on discussion, their estimated cost would be:

	<u>750 Tons</u>	<u>1500 Tons</u>
a. Mobilization and Demobilization	- \$ 1,400	\$ 1,400
b. Waste Accumulation & Loading	- 29,530	29,530
c. <u>750 Tons</u> = 36 Trucks 20 Tons/Tk		
36 Tks x 20 Tons/Tk x \$32.25	- 23,220	-
36 Tks x \$310/Tk Frt. Cost	- 11,160	-
d. Sampling and Analysis Max.	- 5,000	10,000
e. <u>1500 Tons</u> = 75 Trucks 20 Tons/Tk		
75 Tks x 20 Tons/Tk x \$32.25	- -	48,375
75 Tks x \$310/Tk Frt. Cost	- -	<u>23,250</u>
Total Estimated Cost	- <u>\$70,310</u>	<u>\$112,555</u>

I recommend McCutcheon be given the contract as they appear to be the most experienced and reliable.

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

JRJ/mjl

Joseph R. Jackman

From: "DiPietro, A.J." <ADiPietro@wm.com>
To: <remacor@icubed.com>
Sent: Wednesday, April 12, 2006 8:03 AM
Subject: Waste Management Breakdown

Mr. Jackman,

I am forwarding a breakdown of the Waste Management proposal as you requested. I understand your insurance provider would like a more detailed breakdown, I reviewed my pictures and initial estimates for the new/requested breakdown.

The initial estimate of a minimum 168 pulls/hauls is still fair estimate, because of the weight (15 - 16 tons per load) and amount of the magnesium oxide, it will probably represent 75% (\$93,586 minimum) of the transportation and disposal cost. This is only an estimate, you disposal cost can vary greatly. The transportation and disposal cost for the magnesium oxide alone, can easily run as high as \$225,000.00, there is no definite way to give an exact amount. Please contact me if you need more information, I hope this proposal is helpful.

Waste Management can also provide certificates of insurance and landfill indemnification information upon request.

Thank you,

A.J. DiPietro
Waste Management
(724) 496-7202

REMACOR

P.O. Box 366

West Pittsburgh, PA 16160

Projected Estimated
Pulls Cost

REMACOR Current Pricing Projection 168 pulls \$163,000

WM Current Pricing Projection 168 pulls \$133,182
\$375 Haul / \$27.85 ton

Reduced Rate for Fire Debris 168 pulls \$124,782
\$325.00 haul / \$27.85 ton

At the above rates it will take 219 pulls
to reach a cost of \$163,000.

The reduced rates include liners if needed,
at no charge to the customer.

All current finance charges will be waived.

THE WEAVERTOWN GROUP



September 27, 2005

Mr. Radu Lungu
REMACOR, Inc.
PO Box 366, Route 168
West Pittsburg, Pennsylvania 16160
Telephone: (724) 535-4357
Via Facsimile: (724) 535-7761
E-mail: remacor@icubed.com

**RE: Demolition and Site Cleanup, West Pittsburg
WEG Proposal Number I6056**

Dear Mr. Lungu:

Weavertown Environmental Group (WEG), a division of Weavertown Transport Leasing, Inc. (WTL), respectfully submits this cost estimate to demolish and provide cleanup services for your site in West Pittsburg, PA.. These services will be provided to remove the magnesium oxide, steel and construction debris from a building damaged by a recent fire.

1.0 SCOPE OF WORK

WEG will provide the necessary supervision, labor and equipment to remove materials from the site of the building fire. WEG will employ a hydraulic shear to remove the structural steel as the risk of open flames and torch cutting is not advisable given the potential of a reaction with the magnesium. Beyond this precaution, WEG does not anticipate encountering magnesium in the piles of debris or in the drums. WEG personnel will exercise reasonable caution when handling these materials, however uncovering or finding magnesium in a drum will slow the progress and adversely affect the time and cost of the project. The protocol for sampling the magnesium oxide will be to remove a small quantity to a safe area and apply water to test for reaction. The disposal facility will require additional testing before granting a disposal approval.

The general procedural phases of this project will proceed as follows:

- Create a drum handling area in the raw material storage area by separating the roof from the heavily damaged area. Apply poly sheeting to the walls to allow for a "dry" work area to check the drums.
- Remove the magnesium oxide in the raw materials storage area and initiate drum dumping and segregation.
- The drums will be checked visually and then confirmed with a water mist. A composite sample will be retrieved per the instructions of the disposal facility. The contents of the drums will be moved into a lined and tarped roll-off container to await final disposal approval.
- Concurrently with the above activities, WEG personnel will move ahead with the shear operations to remove the structural steel and steel siding. The steel will be directly loaded into debris roll-offs and transported, in a timely fashion, to a local steel recycling company.

2 Derrington Road • Carnegie, PA 15601 • (724) 746-4850 • Fax (724) 746-9024

PA: PENNSYLVANIA Cecil, Houston, Norristown • OHIO: East Liverpool, New Matamoras
WEST VIRGINIA: Charleston • KENTUCKY: Ashland

© 2005 Weavertown Environmental Group

- An excavator will remove construction debris and segregate the magnesium oxide into manageable piles to check for reactivity. If determined to be non-reactive, the magnesium oxide will be sampled and directly loaded into lined and tarped roll-offs to await final transportation and disposal.
- The magnesium oxide hoppers will be moved to the drum handling area and will be dumped and checked with the same scrutiny as the drums.
- Once all the steel, debris and magnesium oxide has been removed from the building foot print, WEG personnel will broom sweep the floor and add all materials to the non-hazardous disposal roll-off containers.
- A Health and Safety Plan and/or a Job Safety Analysis specific to the hazards will be prepared prior to mobilization.

2.0 COST FOR SERVICES

These services will be provided and invoiced according to the following unit rates. Any additional work that REMACOR, Inc. may elect to perform will be invoiced according to WEG's standard time and material rates.

- (1) Mobilization/Demobilization and usage of 10 roll off containers \$ 4,850.00
- (2) Supervision, labor and equipment to complete demo and load \$ 6,650.00/day
Material for off-site disposal/recycling. (Est. 30 days)
- Price Includes:** Project management and health and safety oversight, a field supervisor, three equipment operators, two environmental technicians, a roll off truck, one excavator, one hydraulic shear, one backhoe/front end loader, one skid loader/drum dumper, two utility pick-up trucks, a 1,500 gallon poly water tank and pump, a stakebed, misc. handtools/sorbents, up to Level C Personnel Protective Equipment, and up to 10 total hours on-site, per day and includes a 21% fuel surcharge.
- (3) Disposal of non-hazardous, non-reactive magnesium oxide \$ 35.00/ton
(Est. 125 tons)
- (4) Transportation to West Sunbury Disposal Facility \$ 275.00/load
(Est. 8 loads)
- (5) Disposal of construction and demolition debris \$ 45.50/ton
(Est. 125 tons)
- (6) Transportation to New Springfield, Ohio \$ 225.00/load
(Est. 8 loads)
- (7) Scrap steel credit from local steel recycler (\$.06/pound)
(Est. 189,000 pounds)

Total Net Estimated Cost \$ 207,072.50

1-4-05 206,000

3.0 SITE SPECIFIC CONSIDERATIONS

WEG has estimated that 30 (thirty), 10 (ten) hour days will be required to complete the tasks as outlined above. It should be noted that internal compartment conditions or variables that cannot be anticipated prior to work, or are beyond the control of WEG (volume of magnesium oxide for disposal, access to entrants, the presence of reactive magnesium, etc.), might effect the duration and the ultimate cost of this project.

WEG's estimate is based upon, but not necessarily limited to, the following considerations:

- An existing disposal approval is in place for this material with Waste Management, West Sunbury
- Asbestos abatement and removal of other hazardous materials are beyond the scope of this project
- Price assumes WEG has access to the site and all work areas between the hours of 7:00 AM and 4:00 PM, Monday through Friday, non-holidays.
- In the event reactive magnesium is encountered, REMACOR will provide drums to contain the material. The reactive magnesium will remain onsite for beneficial re-use.
- REMCAOR will provide a source of fire extinguishing material prior to initiation of services.
- All credits for steel recycling will pass directly to REMACOR.
- REMACOR will be responsible for moving all drums, supersacks and other items in the adjacent warehouse and outside which are deemed to be a hindrance to demolition and loading activities.

4.0 GENERAL CONDITIONS

All applicable local, state, and federal taxes shall be applied to each invoice for services rendered.

Quoted prices for supervision, labor, materials and equipment will remain in effect for thirty (30) days.

Disposal prices are subject to adjustment in the event of unforeseen changes in waste stream, regulatory requirements, disposal facility operation procedures, and acceptance criteria. Please note that the quoted prices for disposal and recycling are estimated pending sample evaluation and approval or upon the anticipated characteristics, as agreed upon by the Client and defined in this proposal. Pricing will be confirmed upon receipt of disposal approval.

In the event that the services are completed (or terminated) in less than the scheduled/estimated completion period, WEG reserves the right to submit, to the Client, a minimum charge invoice for all unit rates up to and including the fully established rates. This may be necessary for WEG to recoup project-related fixed costs. WEG will invoice weekly for services performed. Payment for services rendered will be due net 30 days upon issuance of invoice.

Due to the extreme fluctuations in fuel prices, WEG reserves the right to add a fuel surcharge to the invoice for all services including, but not limited to water blasting, vacuum truck services, and transportation services. This fuel surcharge is based on a percentage of the value of the service being rendered (hourly, daily or by mileage). The surcharge percentage is adjusted weekly based on the Energy Information Administration Diesel Fuel and Motor Gasoline Hotline (202) 586-6966. A copy of the rate schedule is available upon request. Current rate is 21 %.

A late charge of one and one-half percent (1½%) per month will be assessed on all invoices not paid within 30 days from date of invoice. If the account is referred for collection, customer agrees to pay attorney fees plus fifteen percent.

The client shall indemnify and hold harmless WEG/WTL from damages or any other losses should strike, lock-out, act of God or other conditions beyond the control of WEG/WTL prevent WEG/WTL from completing said services.

Should the information presented to WEG for preparation of this proposal not accurately represent existing site conditions or items, WEG reserves the right to adjust the quoted price and invoice accordingly. If you are in agreement with this proposal, please sign below, retain a copy for your records, and return one signed copy to our office

We greatly appreciate the opportunity to submit our quotation for the above-described services. Should you have any questions or require additional information, please do not hesitate to contact our office. If I cannot be reached, please contact Tom Fuchs, for assistance, at (724) 746-4850.

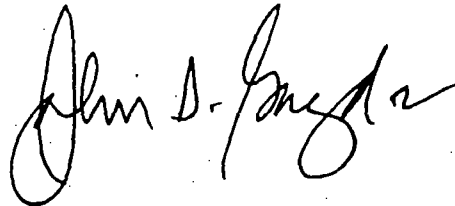
THE WEAVERTOWN GROUP PROPOSAL NO. I6056

Proposal Acceptance By:

Signature

Date

Respectfully,



John S. Gaydos
Manager, Industrial Services



McCUTCHEON Enterprises, Inc.

APOLLO, PA. 15613 (724) 588-3623
COMPLETE WASTE MANAGEMENT



"Protecting Our Environment for Tomorrow's Generations."

April 7, 2006

Remacor
New Castle PA

Project No. 5-0758 Revised

RE: Building 3 Waste Removal
New Castle PA

Dear Mr. Tom:

McCutcheon Enterprises, Inc. (MEI) is pleased to present the following proposal for the cleanup of Building 3 remnants at your New Castle PA location. The proposal has been prepared to cost the activities necessary to complete the removal of the waste materials left behind after the fire at the facility. We have used our understanding of the project, a site visit and our experience on similar projects to complete the estimate. The major components of the waste removal are the sampling, loading, transporting and the offsite disposal of the fire debris and bulk or drummed materials. The estimate focused on the various tasks needed to complete the project. The tasks are as follows:

1. Mobilization
2. Waste Cleanup and Accumulation
3. Transportation and Disposal
4. Sampling and Analysis
5. Documentation

A description of the tasks identified as necessary to complete this project is provided below:

Task 1 Mobilization: During this period, arrangements with all proposed disposal facilities will be initiated. Subcontractors will be contacted and agreements finalized. MEI will mobilize the necessary manpower and equipment to implement the project.

Task 2 Waste Cleanup and Accumulation: We would proceed with the waste removal from the east end of the building since the structural components have been sufficiently removed. Based on generator information, Material Safety Data Sheets and visual observations, the bulk waste materials will be consolidated in to 250 cubic yard piles. The internal system components such as pipes, equipment, electric components etc. will be removed with the waste. Drums encountered will be crushed consolidated with the bulk waste. During the waste accumulation, dust suppression will be

necessary. Areas, which potentially could generate dust, will be wetted to minimize fugitive dust.

Task 4 Transportation And Disposal: Materials will be transported and disposed at a landfill as approved by the owner to a non-hazardous residual landfill.

Task 5 Sampling And Analysis: Sampling and analysis of all wastes are required for disposal approval. A sample will be taken for each 250 cubic yards of material and analyzed for RCRA Characteristics except for Pesticides and Herbicides. The amount of sampling and analysis will be directly related to the volume of waste to ship offsite. The results of the analysis will be used in the process of waste disposal approval. This activity will take 21 days from authorization to proceed.

Task 6 Documentation: Copies of all sampling and analysis efforts, waste profiles, manifests, bills of lading, weigh tickets, and other verification or certification documents will be provided to Remacor as the project progresses. No formal report is to be issued at the completion of the project but a copy of the site supervisor's reports can be provided if requested.

Schedule: We would anticipate working five, ten-hour days per week. The complete removal of the waste excluding sampling and analysis may take 10 days.

Costs: The cost estimated to remove the waste based on the work tasks outlined above would be as follows:

Mobilization & Demobilization - \$1400.00 Lump Sum

Waste Accumulation & Loading 10 days- \$29,530.00 or \$2953 per day

Non Hazardous Waste Bulk Disposal: \$32.25/on

Non Hazardous Waste Bulk Transportation \$ 310.00 / Load

Analysis of each 250 cubic yard pile - \$710.00 per sample/pile

Sampling of the piles - \$1125.00 per day

Taxes, fees and or surcharges for transportation or waste disposal assessed by any Federal, State, City or County agency due to the nature, classification or use of the material being transported or disposed, will be the responsibility of the customer and show as a separate line item on all invoices.

Demurrage: The customer is responsible for all delays (beyond agreed free time) caused by the loading or unloading facility.

Decontamination: Any equipment requiring a washout of the hauling body will be done after notification of the vendor. These charges will be billed back to the customer.

Rejected Loads: Any load that is turned away at the unloading facility because it fails to conform to the accepted waste profile. The customer will incur additional charges.

No Load or Cancellations: Proper cancellation of services is required, 24 hours in advance of the scheduled service time. When equipment is not properly cancelled, the customer will be invoiced at the quoted rate.

Fines: If material is improperly labeled, weighed, packaged, or manifested the customer is responsible for payment of all fines.

Fuel surcharges are not included in your quote. Due to the continuing rise in fuel costs, your invoice will reflect the current surcharge rate based on the weekly DOE fuel price index.

This proposal is valid for a period of thirty days. All pricing is offered assuming equipment availability at the time of order placement.

Proprietary Right: This proposal is made as a proprietary response to your request. Any use of this proposal or parts thereof to develop client work plans or solicit other responses or any release to third parties of the information contained herein is strictly prohibited without the prior written approval of MEI.

We wish to thank you for an opportunity to submit this proposal. MEI will need to receive an MEI contract, credit card, or a completed and approved credit application and this signed proposal acknowledging the pricing prior to commencing any work. Payment terms are "Net Upon Receipt" with finance charges of 1.5% per month on past due balances and would be confirmed prior to starting work.

We look forward to working with Remacor on this project. If you have any questions or require additional information, please contact me at 724/568-3623 ext. 135.

Sincerely,

McCUTCHEON ENTERPRISES, INC.

Acceptance of Proposal

Dennis Newton
Senior Sales Representative

Signature

Date

Print Name

Title

Confirmation Report - Memory Send

Page : 001
Date & Time: 24-Apr-06 10:58am
Line 1 : +
Machine ID : REMACOR WEST PGH

Job number : 251
Date : 24-Apr 10:46am
To : 14122615295
Number of pages : 010
Start time : 24-Apr 10:46am
End time : 24-Apr 10:58am
Pages sent : 010
Status : OK

Job number : 251

*** SEND SUCCESSFUL ***



Office of the President

VIA FAX
412-261-5295

TO: Louis C. Long, Esq.
Pietragallo, Bosick & Gordon, LLP
FROM: Joseph R. Jackman
Remacor, Inc.
DATE: 4/24/06
SUBJECT: Cleanup Estimates

P. O. Box 366, Route 168
West Pitsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

We have received the following updated estimates on the cleanup of the inventory materials lost in the fire. These updated quotes eliminate the building materials and the equipment removal. As you can see, they range from \$70,310 to \$210,925. They were to estimate the volume to be removed based on their experience.

1. Waste Management Quote of April 12, 2006

This quote is based on Remacor's estimated number of rollofts which seems to be high based on the other quotations but is based on our past experience and Waste Management's input. Waste Management has been hauling away our waste materials for 20 years.

Their quote ranges from \$124,782 to \$163,000 is for only waste materials - not building debris or equipment.

2. WEG Quotation of September 27, 2005.

The estimated cost for WEG to remove only the inventory materials is listed in items 1 through 4 which total approximately \$210,925. The equipment removal and building debris has not been included in this estimated total. Items 5, 6 and 7 deal with the building debris.

Item	Cost
1.	\$ 4,850
2.	199,500
3.	4,375
4.	2,200
Total Estimate	\$210,925

"It's Performance That Counts"



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

April 18, 2006

Mr. John D. Kline
Senior Vice President
Commercial Lending
First National Bank
One FNB Blvd. - Fifth Floor
Hermitage, PA 16148

RE: Photos of Diecasting Scrap

Dear John:

We put together some photographs that give you a much better understanding of the various types of secondary Mg scrap that we process and is discussed in the Business Review.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

Enclosure



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

April 18, 2006

Mr. Randall P. Fletcher
Grant Professionals
Innovative Grant Writing & Research Services
205 East School Street
P.O. Box 81
Royal, Illinois 61871

RE: Photos of Diecasting Scrap

Dear Randy:

We put together some photographs that give you a much better understanding of the various types of secondary Mg scrap that we process and is discussed in the Business Review.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

Enclosure



Pennsylvania Department of Environmental Protection

Rachel Carson State Office Building

P.O. Box 8772

Harrisburg, PA 17105-8772

March 29, 2006

**Office of Energy and
Technology Deployment**

717-783-8411

Mr. Joseph R. Jackman
President
Remacor Inc.
P.O. Box 366, Route 168
West Pittsburg, PA 16160

Dear Mr. Jackman:

On behalf of the Pennsylvania Department of Environmental Protection (DEP) I want to thank you for your letter to Governor Rendell requesting support for your planned unsolicited U. S. Department of Energy's (DOE) grant filing. I also want to thank you for speaking with me on March 28, 2006, regarding this request.

As we discussed on March 28, 2006, DEP does not provide letters of support for direct submission of responses to federal grant solicitations for projects in which we do not participate in proposal development, nor for which we have not previously supported through a state grant. We are very interested, however, in viewing your proposal and discussing with you the types of funding you are seeking so that we may assist you in your search for federal, Commonwealth, or even venture capital funding. The Office of Energy and Technology Deployment maintains a listing of various state and federal opportunities on our Technology Clearinghouse website. For more information visit www.depweb.state.pa.us and enter keyword "Technology Clearinghouse", then follow the link to funding opportunities.

The DOE's Inventions and Innovations (I&I) Program Grant, identified as a potential funding organization in the abstract you provided, involves a competitive bidding process. My staff contacted DOE's Grant Specialist Michael Schledorn and confirmed that I&I will accept only proposals responding to an open announcement. Unsolicited proposals, however, can be submitted to the National Energy Technology Laboratory (NETL) for review and evaluation, and possible consideration for general program funding. More information on submitting unsolicited proposals may be found by visiting NETL's website at <http://www.netl.doe.gov/business/usp/unsol.html>. I suspect this is the place your team had intended to submit your unsolicited proposal, rather than to the I&I program directly. Depending on the passage of the federal budget, DOE anticipates that the I&I program, which is currently closed, will be offering another solicitation sometime this July or August.

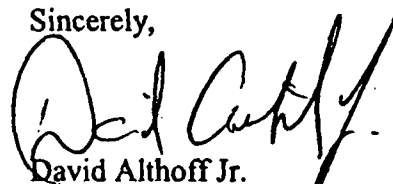
Subsequent to our telephone conversation and at your request, I spoke with Mr. Meneses, of the Pennsylvania Recycling Markets Center. Through Mr. Meneses I gained a greater

March 29, 2006

understanding of your intended project and his role in helping you to put together a team to write your proposal. Based on these discussions and the expected environmental and energy benefits of the technology, your grant request filing would be of interest to us. Should you also happen to be awarded a grant, we would appreciate the opportunity to follow the work being completed so that we may gain a greater understanding of the technical upgrades, expansion of processes, and resultant benefits occurring in Pennsylvania. I encourage you to provide me with more information regarding your efforts in this area.

Feel free to contact me at 717-783-8411 if you have any questions or wish to discuss how we can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "David Althoff Jr.", with a stylized flourish at the end.

David Althoff Jr.

Division Chief, Technology Deployment

Cc: Robert Meneses, Jr., PRMC



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
717-948-6753

TO: Warren Weaver
RMC Director

FROM: Joseph R. Jackman
REMACOR, INC.

DATE: 4/17/06

SUBJECT: **RMC Assistance from Robert Meneses**

Mr. Weaver, regarding the above titled e-mail you sent to me on Thursday, April 13, we tried repeatedly to respond but was unable. May I take this opportunity, via fax, to answer your questions regarding Robert Meneses' assistance to Remacor, Inc.

Are you satisfied with the assistance that RMC provided? ☒ Yes ☐ No

To what degree were you satisfied? Lowest ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☒ 5 Highest

Do you have any additional comments?

Bob's help has been invaluable. He has been most responsive and extremely professional in his assistance in helping us secure a grant writer and guiding us to the proper grant program. Bob has also directed us to Jill Edwards of the Ben Franklin Investment Forum and we presently have Jill working on prospective angel investors. If everything comes to fruition that Bob has assisted us in, we will hopefully secure a \$1.0 D.O.E. Inventions and Innovations Grant, secure an angel investor and save 35 jobs here in West Pittsburg and create another 40 jobs over the next three years.

Confirmation Report - Memory Send

Page : 001
Date & Time: 17-Apr-06 02:42pm
Line 1 : +
Machine ID : REMACOR WEST PGH

Job number : 216
Date : 17-Apr 02:41pm
To : 1-717 948 6753
Number of pages : 001
Start time : 17-Apr 02:41pm
End time : 17-Apr 02:42pm
Pages sent : 001
Status : OK

Job number : 216

*** SEND SUCCESSFUL ***



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 15160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
717-948-6753

TO: Warren Weaver
RMC Director
FROM: Joseph R. Jackman
REMACOR, INC.
DATE: 4/17/06
SUBJECT: RMC Assistance from Robert Meneses

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"It's Performance That Counts"



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA FAX
412-586-1073

TO: Joseph M. Dawley, Esq.
Babst, Calland, Clements & Zomnir, P.C.

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 4/17/06

SUBJECT: **Status of Shaw-Perkins, Inc., Canmet of PA, Inc. and Rem-Mag, Inc.**

Joe, attached you will find the necessary paperwork to back up each of the following companies:

Shaw-Perkins, Inc.

A Pennsylvania Corporation incorporated on April 24, 1973, a wholly owned subsidiary of Reactive Metals & Alloys Corporation. This company was liquidated on August 10, 2000 and a certificate of dissolution was issued August 30, 2002. A copy is attached for your information.

Canmet of Pennsylvania, Inc.

Incorporated on October 1, 1996 as a Pennsylvania Corporation to act as a holding company for 9,600 shares of stock of Canadian Metallurgical Products Company, a corporation formed under the Companies Act of the Province of Nova Scotia which was incorporated on October 11, 1996.

Canmet of Pennsylvania, Inc. never became an active corporation.

Copy of the Articles of Incorporation is attached for your information.

Rem-Mag, Inc.

Rem-Mag, Inc. – a Pennsylvania Corporation incorporated on August 11, 1992 and liquidated on December 31, 2001.

Pennsylvania Out of Existence Affidavit, as filed with the Commonwealth of Pennsylvania on April 19, 2003, is attached for your information.

"It's Performance That Counts"

Confirmation Report - Memory Send

Page : 001
Date & Time: 17-Apr-06 01:44pm
Line 1 : +
Machine ID : REMACOR WEST PGH

Job number : 214
Date : 17-Apr 01:41pm
To : 412 586 1073
Number of pages : 016
Start time : 17-Apr 01:41pm
End time : 17-Apr 01:44pm
Pages sent : 016
Status : OK

Job number : 214

*** SEND SUCCESSFUL ***



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
412-586-1073

TO: Joseph M. Dawley, Esq.
Babst, Calland, Clements & Zomnir, P.C.

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 4/17/06

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Pennsylvania Out of Existence Affidavit, as filed with the Commonwealth of Pennsylvania on April 19, 2003, is attached for your information.

JRA

"It's Performance That Counts"



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA UPS OVERNIGHT MAIL

April 17, 2006

Mr. James Brown
Managing Director
The Advisor Group, Inc.
206 McKnight Park Drive
Pittsburgh, PA 15237

Dear James:

The enclosed photographs give you a much better understanding of the various types of secondary Mg scrap that is discussed in the Business Review.

Will call you Friday.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

Enclosure (2)



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA UPS OVERNIGHT MAIL

April 17, 2006

Mr. John H. Tippins
Managing Director
Stonewood Capital Management, Inc.
Three Gateway Center, 13 East
Pittsburgh, PA 15222

Dear John:

I thought you and Kenn might be interested in an update of our activities. I talked to Kenn this morning and he said he passed all the information on to you.

We put together photographs that give you a much better understanding of the various types of secondary Mg scrap that is discussed in the Business Review.

Will call you Wednesday for your comments.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

Enclosure (1)



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA UPS OVERNIGHT MAIL

TO: Louis C. Long, Esq.
Pietragallo, Bosick & Gordon, LLP

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 4/12/06

SUBJECT: **Cleanup Estimates**

We have received the following updated estimates on the cleanup of the inventory materials lost in the fire. These updated quotes eliminate the building materials and the equipment removal. As you can see, they range from \$60,000 to \$200,000. We did not tell any of the companies that quoted that we had approximately 500 tons of material lost in the fire. They were to estimate the volume to be removed based on their experience.

1. Waste Management Quote of April 12, 2006

This quote is based on Remacor's estimated number of rolloffs which seems to be high based on the other quotations but is based on our past experience and Waste Management's input. Waste Management has been hauling away our waste materials for 20 years.

Their quote ranges from \$124,782 to \$163,000 is for only waste materials – not building debris or equipment.

2. WEG Quotation of September 27, 2005.

The estimated cost for WEG to remove only the inventory materials is listed in items 1 through 4 which total approximately \$210,925. The equipment removal and building debris has not been included in this estimated total. Items 5, 6 and 7 deal with the building debris.

<u>Item</u>	<u>Cost</u>
1.	\$ 4,850
2.	199,500
3.	4,375
4.	<u>2,200</u>
Total Estimate	\$210,925

3. MEI's Revised Quotation of April 7, 2006

Dennis Newton of McCutcheon estimates there to be 300 to 500 tons of waste material to be hauled away. Therefore, his quote would be:

a. Mobilization and Demobilization	-	\$ 1,400
b. Waste Accumulation & Loading	-	\$29,530
c. Non-hazardous Waste Disposal:		
500 tons/20 tons per truck – 25 trucks		
20 tons/truck x \$32.25 =		\$645.00/truck
Freight/Truck =		<u>310.00</u>
25 Trucks (500 tons) x \$955/truck	-	\$23,875
d. Estimate of Analysis	-	<u>\$10,000</u>
Total Estimate	-	<u>\$64,895</u>

Louis C. Long, Esq.

April 12, 2006

Page 3

4. Equipment Removal and Building Removal

Knowing that we were not covered by insurance on the building, we removed all of the roof debris from the site. This was done by an outside contractor who received a percentage of the steel scrap. Therefore, there was no cost to Remacor for this removal.

The fire loss equipment was removed by our people and with our mobile equipment. We incurred an estimated \$30,300 in general labor, supervision and equipment rental.

Lou, factoring in our cost to date, the total cost of cleanup of inventory materials and equipment removal ranges from \$90,300 to \$241,225 – both figures include our cost for removing equipment.

Sincerely,

REMACOR, INC.

A handwritten signature in dark ink, appearing to read "Joe", is written over the printed name.

Joseph R. Jackman
President

JRJ/mjl



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA UPS OVERNIGHT MAIL

April 6, 2006

Mr. James Brown
Managing Director
The Advisor Group, Inc.
206 McKnight Park Drive
Pittsburgh, PA 15237

RE: Equity Investor

Dear James:

Pursuant to our conversation yesterday, we are seeking \$300,000 in equity or subordinated debt as part of a financing package. I have enclosed a copy of our Business Review, which gives you an overview of the business and the opportunity it represents and a copy of our Proforma Financial Statements. In addition, I have included copies of other pertinent information that I felt would be helpful to you in reviewing this opportunity.

Essentially, we are the only company in the U.S. that has patented technology and know-how to process/recycle certain types of magnesium scrap into magnesium granules, which are sold into the steel industry for hot metal desulfurization.

We began operations as Remacor, Inc. on March 1, 2004 and operated with 35 employees until our warehouse fire on August 6, 2005. Since our fire, we have been operating at a reduced level. We are generating some income by receiving and inventorying our raw materials. We generate about \$30,000-\$40,000 per month on the fees we are paid to process the various forms of magnesium scrap. This has allowed us to operate at a reduced level until we can secure our financing to expand the operation.

We had to file suit in February against Lloyds of London in order to get them to pay the \$790,000 fire loss claim. After we filed suit, Lloyds finally agreed to pay the claim in full.

Mg granules are used in the steel industry for hot metal desulfurization. Presently there are 30,000 tons per year of Mg granules imported from China for use in the steel industry in North America. Our technology not only eliminates the landfilling of most of these hazardous waste materials here in the U.S., it also creates a product that is competitive with Mg powder presently dominated worldwide by the Chinese.

The Chinese have captured the magnesium market worldwide and have forced four major magnesium producers here in North America out of the magnesium production business: Alcoa (U.S.), Dow Chemical (U.S.), Timminco (Canada) and Magcan (Canada). The Chinese produce Mg granules from primary magnesium ingot and sell into the U.S. at a cost of approximately \$0.90/lb. Remacor, Inc., with patented technology, can produce Mg granules by recycling Mg waste materials into Mg granules at a cost of approximately \$0.40/lb. This material is presently being sold by Remacor at a cost of \$0.75 - \$0.80/lb to the hot metal reagent producers here in the U.S. We sell every pound we can produce. Presently, we only have a production capacity of 1000 tons per year and want to increase our production capacity to 2500 TPY immediately with a three-year goal of 5000 TPY.

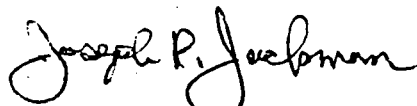
Our financing package consists of three parts. The first part is a federal grant. Last November, I contacted the Deputy Secretary of the Department of Environmental Protection of Pennsylvania (EPA) to see if a state or federal grant was available in view of our recycling of hazardous waste activities. He was very positive and put me in touch with the Pennsylvania Recycling Market Center and the Pennsylvania Technical Assistance Program (PENNTAP). The PRMC was created by the U.S. EPA specifically to help companies like Remacor, Inc. in all areas. The timeline on the grant is six to twelve months. I have included a letter from Bob Meneses of the PRMC regarding their assistance in securing a grant. We have just submitted a preliminary Abstract to the Department of Energy because of the huge energy savings in recycling the magnesium. Obviously, we may or may not be successful in securing the grant.

The second part of our financing package is the equity portion. The present shareholders will provide \$100,000 in equity, the CL Fund from Pittsburgh will provide \$125,000 in subordinated debt and we will require another \$300,000 in equity or convertible subordinated debt from another investor. Providing all these funds are secured, we will then put together the third part of our financing package, a \$1.0 million SBA 504 loan. This requires 50% from a private lender, 40% from the SBA and 10% equity. We are having discussions with several banks regarding a commitment for the \$500,000. It appears, at this time, that if we get the equity in place we will get a commitment on the \$500,000 portion of the SBA loan and a \$300,000 line of credit from a new bank. We have reflected all of the above into a Proforma Balance Sheet, which is also included in this package.

If you need any additional information or have any questions, please don't hesitate to give me a call.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

April 10, 2006

Mr. Dennis Swanson
Revenue Enforcement Collection Agent
Pennsylvania Department of Revenue
103 South Mercer Street
New Castle, PA 16101

BCC: JRJ
CW
RL

RE: Telephone Conversation with Charles Willison

Dear Mr. Swanson:

Pursuant to your telephone conversation with Charles Willison of our office, I would like to confirm the events that have transpired since August 6, 2005 – the date of the fire.

As you were aware, our insurance coverage for property insurance was through Lloyds of London who refused to pay the claim timely and pursued various avenues to avoid paying the claim at all. Remacor, via the law firm of Pietragallo, Bosick & Gordon, threatened to sue on the grounds of a bad faith claim. Lloyds upon receipt of this information, agreed to pay the claim and, as of March 22, 2006, remitted the balance of funds due for the property damage, however, have not paid the cleanup provision of \$166,250 to date. We are vigorously pursuing this payment in order to cleanup the premises so operations can start again.

On the collection of the original property claim, our bank, which was named as additional insured, took most of the proceeds and applied them to balances due on equipment loans and the revolver balance. We are currently existing on a small amount of fees we collect for materials we are inventorying to be used when production starts.

We are currently engaged in a \$1,425,000 financing and equity package to get us up and running. The package is centered around an SBA 504 loan of \$1,000,000 dollars with \$500,000 coming from a bank, \$400,000 from the SBA and \$100,000 from the company. The balance of \$425,000 will be in the form of subordinated debt and paid in capital. At the present time, we anticipate that this financing and equity package should close in the next sixty to ninety days.

Mr. Dennis Swanson

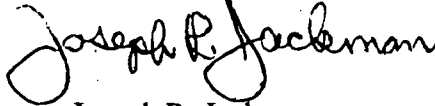
April 10, 2006

Page 2

Should all of the above happen, we will preserve 40 existing jobs and add an additional 35 jobs here in Lawrence County. We sincerely appreciate your assistance and understanding in getting us through these difficult times. Thank you.

Sincerely,

REMACOR, INC.

A handwritten signature in black ink that reads "Joseph R. Jackman". The signature is written in a cursive style with a large, stylized "J" and "R".

Joseph R. Jackman
President

JRJ/mjl



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
203-363-7676

April 10, 2006

Barry J. Trilling, Esq.
Wiggin and Dana LLP
400 Atlantic Street
P.O. Box 110325
Stamford, CT 06911-0325

RE: Comments on Proposed Letter to Linda Nitch

Dear Barry:

The correct "shell" entity is Reactive Metals & Alloys Corporation.

We would only be able to put \$25,000 in escrow after we receive our last insurance fire claim check, which may not be for another two or three weeks.

We are concerned about the requirements outlined in Step 5. First, why would we want to take the responsibility for cleanup not knowing the cost? Secondly, we do not have \$100,000 to escrow for potential cleanup. Our refinancing requirements have not factored in an expenditure of this magnitude. At this point, we are in the process of trying to finalize the last portion of a \$1,425,000 million refinancing package. We have included in our budget approximately \$50,000 for legal and administrative fees regarding the property acquisition.

Unfortunately, with Remacor's existing debt and the present expansion budget, another \$100,000 for environmental cleanup tossed in at this time would probably derail the equity portion of our refinancing package.

I believe we should move forward with the project wherein Remacor would escrow the \$25,000 for possible payment for the Phase I study, however, the LCDEC should make every effort, with our assistance, to secure state or federal funding as outlined in your letter. If state or federal funds are not available for the Phase II study, or possible remediation based on the Phase

Barry J. Trilling, Esq.

April 10, 2006

Page 2

II study, Remacor would have to decide at that time whether to stay in West Pittsburg or relocate.

As for Remacor paying for all the LCEDC's legal and/or administrative costs, I believe this is somewhat unreasonable. We are trying to save 40 jobs and create another 35. This should be one of the primary responsibilities of the LCEDC, however, we will make every effort to cooperate with them and try to minimize the administrative expense and exposure to any unrealistic environmental expense. The 10 acres is worth something.

Sincerely,

REMACOR, INC.

A handwritten signature in black ink, appearing to read "Joe Jackman". The signature is stylized with a large, looping "J" and a cursive "Jackman".

Joseph R. Jackman
President

JRJ/mjl

Confirmation Report - Memory Send

Page : 001
Date & Time: 10-Apr-06 01:50pm
Line 1 : +
Machine ID : REMACOR WEST PGH

Job number : 171
Date : 10-Apr 01:49pm
To : 21-203 363 7676
Number of pages : 002
Start time : 10-Apr 01:49pm
End time : 10-Apr 01:50pm
Pages sent : 002
Status : OK

Job number : 171

*** SEND SUCCESSFUL ***



Office of the President

P. O. Box 366, Route 168
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VIA FAX
203-363-7676

April 10, 2006

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Wiggin and Dana LLP
400 Atlantic Street
P.O. Box 110325
Stamford, CT 06911-0325

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"It's Performance That Counts"



Office of the President

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FAX: (724) 535-7761

April 10, 2006

Mr. J. Kenneth Moritz
Executive Vice President
Stonewood Capital Management, Inc.
Three Gateway Center, 13 East
Pittsburgh, PA 15222

RE: Update on Remacor

Dear Kenn:

We appreciated the time you took in February to visit with us and evaluate the investment opportunity at Remacor. In view of your interest at that time and some of your comments, I want to extend to you the courtesy of an update.

You had indicated that we should consider starting fresh by filing bankruptcy. We thought about that comment and decided to review our options in that regard. We presently have a commitment from an investment group to provide \$125,000 in subordinated debt. We have also agreed to negotiate a \$100,000 reduction on \$200,000 in payables. We would pay \$0.50 on the dollar at closing in order to accomplish this. In addition, the shareholders have agreed to inject an additional \$100,000 in cash and we are close to getting a commitment on the 50% portion of a \$1.0 million SBA 504 loan from another bank. This SBA program requires 50% from a bank or private lender, 40% from the SBA and 10% equity.

In view of all of the above, we are now seeking \$300,000 instead of the \$500,000 in equity in order to finalize the \$1,425,000 financing package.

Furthermore, we have submitted a preliminary Abstract for a \$1.0 million DOE Grant through the Innovations and Inventions program. Bob Meneses of the Pennsylvania Recycling Market Center and Garry Miller of PENNTAP have been extremely helpful in putting together a team to write the grant. Eugene DePasquale, Deputy Secretary of the DEP, from Harrisburg was instrumental in getting Meneses involved. They are all very optimistic, however, the time frame is 6-12 months and, of course, we may or may not be awarded the grant.

Mr. J. Kenneth Moritz

April 10, 2006

Page 2

You and John had shown initial interest in the niche opportunity we have, however, appear to have been uncomfortable with the debt. In view of some of the changes and commitments we now have, I thought possibly you might want to revisit this project. I am enclosing a Proforma Balance Sheet reflecting these changes and a Projected Cash Flow.

I will call you later this week to see if any of our changes and tentative commitments might renew your interest in our project.

Sincerely,

REMACOR, INC.

A handwritten signature in dark ink, appearing to read "Joe Jackman", with a stylized, cursive script.

Joseph R. Jackman
President

JRJ/mjl

Enclosures



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

April 7, 2006

Mr. Thomas M. Fast
Business Resource Group, LLC
527 N. Market Street, Suite 100
Wooster, Ohio 44691

RE: Cash Flow and Proforma Balance Sheet Update

Dear Tom:

As we discussed, we were asked by one of our bank prospects to breakdown all our debt in our cash flow projections. We have done this and projected the cash flow through March 31, 2007. We have also updated the Proforma Balance Sheet.

We presently have the following situations:

1. We have submitted our Abstract to the DOE in Pittsburgh for the \$1.0 million Inventions and Innovations Grant. We may or may not receive this Grant.
2. The CL Fund from Pittsburgh will provide:
 - \$125,000 in subordinated debt and,
 - Administer the \$1.0 million SBA 504 Loan Program

Providing Remacor will:

- Secure \$100,000 in cash from existing shareholders. (This will be done.)
- Remacor receives a letter of commitment from a bank for the \$500,000 portion of the SBA Loan. (This will be done.)
- Remacor must secure \$300,000 in equity and/or convertible subordinated debt. (This is the difficult part.)

Mr. Thomas M. Fast
April 7, 2006
Page 2

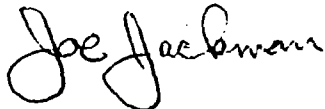
3. Remacor will also negotiate a \$100,000 reduction in payables by agreeing to pay \$0.50 on the dollar on approximately \$200,000 in payables. See the Proforma Balance Sheet.

I am also including an updated Proforma Balance Sheet, which reflects all of the above.

If you need additional information, please give me a call. We must put this equity portion together in the next 30 days or I will have to shut down the plant.

Sincerely,

REMACOR, INC.

A handwritten signature in cursive script, appearing to read "Joe Jackman".

Joseph R. Jackman
President

JRJ/mjl

Enclosures



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

April 6, 2006

Mr. John D. Kline
Senior Vice President
First National Bank
Commercial Lending
One F.N.B. Blvd. - 5th Floor
Hermitage, PA 16148

RE: Changes in Equity and Debt

Dear John:

We will be securing \$300,000 in equity or subordinated debt from one of several possible investors. We are having discussions and should have this piece in place within 30 days. The shareholders will inject another \$100,000 in equity and the CL Fund will contribute \$125,000 in subordinated debt. I am also enclosing an update on our \$1.0 million D.O.E. Grant.

I have revised the Cash Flow Projections to reflect the changes you suggested. The Proforma Balance Sheet reflects the equity and subordinated debt additions and the reduction in payables. This is detailed on the Assumption page.

We need a \$500,000 commitment for our portion of the \$1.0 million SBA 504 loan. If you need any additional information, please don't hesitate to call.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA UPS OVERNIGHT MAIL

April 6, 2006

Mr. Robert Lucke
Arvel, LLC
2260 Heather Hill Blvd.
Cincinnati, OH 45244

RE: Equity Investor

Dear Robert:

As Tom Logan told you yesterday, we are seeking \$300,000 in equity or subordinated debt as part of a financing package. I have enclosed a copy of our Business Review, which gives you an overview of the business and the opportunity it represents and a copy of our Proforma Financial Statements. In addition, I have included copies of other pertinent information that I felt would be helpful to you in reviewing this opportunity.

Essentially, we are the only company in the U.S. that has patented technology and know-how to process/recycle certain types of magnesium scrap into magnesium granules, which are sold into the steel industry for hot metal desulfurization.

We began operations as Remacor, Inc. on March 1, 2004 and operated with 35 employees until our warehouse fire on August 6, 2005. Since our fire, we have been operating at a reduced level. We are generating some income by receiving and inventorying our raw materials. We generate about \$30,000-\$40,000 per month on the fees we are paid to process the various forms of magnesium scrap. This has allowed us to operate at a reduced level until we can secure our financing to expand the operation.

We had to file suit in February against Lloyds of London in order to get them to pay the \$790,000 fire loss claim. After we filed suit, Lloyds finally agreed to pay the claim in full.

Mg granules are used in the steel industry for hot metal desulfurization. Presently there are 30,000 tons per year of Mg granules imported from China for use in the steel industry in North America. Our technology not only eliminates the landfilling of most of these hazardous waste materials here in the U.S., it also creates a product that is competitive with Mg powder presently dominated worldwide by the Chinese.

The Chinese have captured the magnesium market worldwide and have forced four major magnesium producers here in North America out of the magnesium production business: Alcoa

Mr. Robert Lucke

April 6, 2006

Page 2

(U.S.), Dow Chemical (U.S.), Timminco (Canada) and Magcan (Canada). The Chinese produce Mg granules from primary magnesium ingot and sell into the U.S. at a cost of approximately \$0.90/lb. Remacor, Inc., with patented technology, can produce Mg granules by recycling Mg waste materials into Mg granules at a cost of approximately \$0.40/lb. This material is presently being sold by Remacor at a cost of \$0.75 - \$0.80/lb to the hot metal reagent producers here in the U.S. We sell every pound we can produce. Presently, we only have a production capacity of 1000 tons per year and want to increase our production capacity to 2500 TPY immediately with a three-year goal of 5000 TPY.

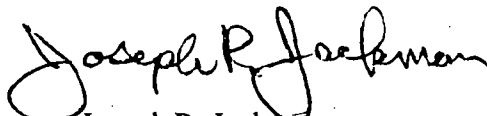
Our financing package consists of three parts. The first part is a federal grant. Last November, I contacted the Deputy Secretary of the Department of Environmental Protection of Pennsylvania (EPA) to see if a state or federal grant was available in view of our recycling of hazardous waste activities. He was very positive and put me in touch with the Pennsylvania Recycling Market Center and the Pennsylvania Technical Assistance Program (PENNTAP). The PRMC was created by the U.S. EPA specifically to help companies like Remacor, Inc, in all areas. The timeline on the grant is six to twelve months. I have included a letter from Bob Meneses of the PRMC regarding their assistance in securing a grant. We have just submitted a preliminary Abstract to the Department of Energy because of the huge energy savings in recycling the magnesium. Obviously, we may or may not be successful in securing the grant.

The second part of our financing package is the equity portion. The present shareholders will provide \$100,000 in equity, the CL Fund from Pittsburgh will provide \$125,000 in subordinated debt and we will require another \$300,000 in equity or convertible subordinated debt from another investor. Providing all these funds are secured, we will then put together the third part of our financing package, a \$1.0 million SBA 504 loan. This requires 50% from a private lender, 40% from the SBA and 10% equity. We are having discussions with several banks regarding a commitment for the \$500,000. It appears, at this time, that if we get the equity in place we will get a commitment on the \$500,000 portion of the SBA loan and a \$300,000 line of credit from a new bank. We have reflected all of the above into a Proforma Balance Sheet, which is also included in this package.

If you need any additional information or have any questions, please don't hesitate to give me a call.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA UPS OVERNIGHT MAIL

April 6, 2006

Ms. Jill D. Edwards
Executive Director
Ben Franklin Venture Investment Forum
777 W. Harrisburg Pike
Middletown, PA 17057

RE: Equity Investor

Dear Jill:

Pursuant to our conversation yesterday, we are seeking \$300,000 in equity or subordinated debt as part of a financing package. I have enclosed a copy of our Business Review, which gives you an overview of the business and the opportunity it represents and a copy of our Proforma Financial Statements. In addition, I have included copies of other pertinent information that I felt would be helpful to you in reviewing this opportunity.

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Ms. Jill Edwards

April 6, 2006

Page 2

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If you need any additional information or have any questions, please don't hesitate to give me a call.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl



P.O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

PROFORMA BALANCE SHEET

The attached Proforma Balance Sheet reflects the new investment of \$525,000 in subordinated debt or equity and the \$1.0 million SBA 504 loan. Refer to the Assumptions page for additional adjustments. This would be the starting Balance Sheet.

4/6/06



P.O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

ENCLOSED DATA

- Business Review
- Proforma Financial Statements
- Sales Letters
- Information on the DOE \$1.0 million Grant Proposal
- Cash Flow Forecast for the next 12 months
- Proforma Balance Sheet

4/6/06



P.O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

**CASH FLOW PROJECTION
FOR EQUIPMENT INSTALLATION
AND PRODUCTION STARTUP SCHEDULE**

It is estimated that it will take three months to get the grinding system expanded and operational. Production will begin the fourth month. We will sell 168,000 pounds or four truckloads of product each month the fourth and fifth months.

Equipment installation will be completed at the end of five months and production will increase in the sixth month to 420,000 pounds per month or 10 truckloads.

Attached is a Cash Flow Forecast from April 1, 2006 through March 31, 2007.

4/6/06



P.O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

SALES

Attached are letters from Hart Metals and Magnesium Technologies who were our customers before the August 6, 2005 fire. These letters represent their intent to purchase Remacor Inc.'s magnesium granules. They purchase a combined total of approximately 2.0 million pounds per month or 12,000 tons per year, which represents roughly 40% of the domestic market. They will purchase as much as we can supply – obviously dependent on quality and pricing.

In addition, I have attached a two-year Supply Agreement from Almamet GmbH of Germany, which was completed last summer and a fax dated May 11, 2005 wanting Remacor, Inc. to increase its sales to them. Almamet will renew the Supply Agreement, as soon as we are in a position to supply. Our sales target, however, is the North American Market, which consumes 30,000 tons per year.

4/6/06



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX

724-~~510-5092~~
654-9375

April 4, 2006

BCC: JLL
RL

Mr. Timothy P. Buck
Business Representative
IAMAW-District Lodge 98
P.O. Box 7436
New Castle, PA 16107-7436

RE: Hourly Vacations Due Employees

Dear Tim:

As you know, since our fire last August we have been struggling to keep the doors open while we have attempted to finance rebuilding and expansion of the plant. We have only had five employees working since last fall. We have just called back our plant engineer and maintenance supervisor in preparation for startup.

Presently, everything hinges on final approval of our financing package, which should be completed by April 17. Once we get final approval, it could take another 60 days to close and begin construction and equipment installation. Once we close on the transaction, we will schedule payment for the vacation time at the rate of two men per week until all vacations are paid. There are an estimated 30 weeks due the hourly employees.

As I indicated, we will not be in a position to begin payment of the vacations due until the financing transaction is finalized and we close.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

April 3, 2006

Mr. John Augustine
Unsolicited Proposal Manager
U.S. Department of Energy
National Energy Technology Laboratory
626 Cochrans Mill Road
P.O. Box 10940, MS 921-107
Pittsburgh, PA 15236-0940

Dear Mr. Augustine:

It is with this letter that REMACOR, INC. submits a preliminary abstract for the Office of Energy Efficiency and Renewable Energy's Unsolicited Grants Program through the United States Department of Energy. We at REMACOR feel confident that our patented technology demonstrates a unique and innovative approach to industrial recycling, environmental accountability and most of all energy conservation.

If you have any questions or request additional information, please contact me at 724-535-4357. I look forward to discussing our proposal with you in the near future.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

CC: Robert Meneses
Randall P. Fletcher

REMACOR, INC.
UNSOLICITED PROPOSAL
FOR AN
INVENTIONS AND INNOVATION PROGRAM GRANT
U.S. DEPARTMENT OF ENERGY

A B S T R A C T

REMACOR, Inc. is a small company located in western Pennsylvania. In 1987, REMACOR developed technology to recycle hazardous oily magnesium turnings into a saleable magnesium granule product which is sold to the steel industry. The market for magnesium granules used for hot metal desulfurization in the steel industry in North America is 30,000 TPY (\$66.0 million). No other company in North America has this technology or recycling capability for certain types of magnesium waste materials.

In April of 2004, REMACOR received a United States Patent on an improved process for this recycling technology and is currently engaged in process development on the patented technology. Moreover, REMACOR is the *only* U.S. company that has the technology and production capability to process most forms of magnesium scrap waste materials. These are scrap materials that cannot be recovered through remelting by secondary magnesium smelters. Most of the materials recycled would normally have to be landfilled as hazardous waste materials.

REMACOR borrowed \$200,000 in October 2004 from MELF (Pennsylvania Department of Community and Economic Development) to install a prototype operation to develop the process parameters to recycle other types of magnesium scrap waste products through a similar system. The prototype technology has gone through vigorous testing and analyses to ensure that it will have viable commercial value while maintaining important environmental accountability features that will have an immediate impact not only the magnesium recycling industry but on energy and energy efficiency.

The process development for production rates, sizing parameters for the crushing mills, recoveries, water recirculation system parameters and production costs were all successfully completed in this prototype phase. Sufficient data from this stage of the operation has been obtained and the company now wants to install a production sized operation and complete the research and development (R&D) work on the water filtration and recycling system. This system is fairly complex as solid fines and water soluble cutting oil have to be separated and removed. The project would be part R&D work and part expansion of all the other process technology that has been developed by the company over the past two years. The estimated cost for the entire project would be approximately \$1.0 million and should take approximately two years to complete.

Several significant outcomes result from this R & D initiative. These outcomes will prove beneficial in the following ways:

Environmental Accountability. By expanding the current operations at REMACOR, new technology and production capabilities will be created to recycle large amounts of hazardous magnesium waste into magnesium granules that are used for hot metal desulfurization in the steel industry. This process has the capability of reducing landfilling of 6000-8000 tons per year of various forms of magnesium waste products by approximately 70-80%.

Beneficial reuse of the oily magnesium scrap constitutes the second significant outcome of the project. Without REMACOR's recycling capabilities, the diecasting industry would expend vast resources to landfill the hazardous material. With REMACOR's technology, high cost waste is turned into a recycled saleable product that is used in the steel industry, saving manufacturers thousands, perhaps millions of dollars annually.

Energy Saving. In this innovative recycling and reuse process, 5000 tons of magnesium granules are created per year. This equates into an annual net energy savings of approximately 131 million kwh or 447 billion Btu. This equates to nearly \$8.5 million in electricity cost in the West Pittsburg area. In short, REMACOR has developed a technology that not only drastically reduces the landfilling of hazardous magnesium waste for U.S. manufacturers but is also an extremely energy conscious industrial process.

Economic Development. Over the next two years, REMACOR's facility expansion and technology enhancement will directly translate into 74 new jobs in economically distressed Lawrence County, Pennsylvania. It is projected with this expansion and technology upgrade, REMACOR will generate \$15-\$20 million in annual sales and will dramatically offset the import of magnesium granules from China. The sale of REMACOR's magnesium granules to the steel industry in the United States helps reduce the trade deficit with China as the Chinese have captured 97% of the magnesium granule market for desulfurization in the United States.

With China cornering the market on magnesium granule production, REMACOR stands alone as the only United States company with this recovery/recycling technology that turns magnesium scrap into magnesium granules. Vital to the advancement of REMACOR's emerging technology, the Department of Energy grant will help the United States regain a share of the 30,000 tons per year magnesium granule production industry, and consequently offset of the loss of magnesium-related jobs in the United States.



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
412-586-1073

BCC: JLL

March 29, 2006

Joseph M. Dawley, Esq.
Babst, Calland, Clements & Zomnir, P.C.
Two Gateway Center
Pittsburgh, PA 15222

RE: Consent Decree

Dear Joe:

The following are my comments on the:

- Corrective Actions – Page 11
- Removal and/or Storage – Page 12
- Petitioning the Court – Page 15
- Stipulated Civil Penalties – Page 16

If you have any questions, please call me.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

Attachments

Total Pages Faxed - 4

PROPOSED CONSENT DECREE

CORRECTIVE ACTIONS:

3.a. – Page 11 - We cannot stop taking material. We can stop putting material in supersacs. Will store all material in steel drums.

We have 24 hour security, seven days per week.

3.b.i – Page 11 - \$800,000 bond is impossible. We will not do.

3.b.ii thru v – Page 11. - No bond.

3.c. – Page 12 - Yes. Waterproof labels have been ordered. Scheduled for delivery 3/29/06.

3.d. – Page 12 - Plan to acquire the property is not to be made a part of the Consent Decree.

3.e.i – Page 12 - This is not possible. Materials listed on page 8 will require two years. 128 tons/month at a cost of \$6400/month.

3.e.ii – Page 13 - This is going to require approximately 8-10 months for us to completely consume material in supersacs.

3.f. – Page 13 - It will require two years to remove all of the materials listed on page 8.

3.f.i – Page 13 - Okay

3.f.ii – Page 13 - Okay

REMOVAL OF WASTES:

3.g.i – Page 14 - Impossible by April 30. 680,000 lbs would require approximately \$17,000. We don't have that kind of money and we don't have \$17,000/month. We need two years to remove all of the waste materials belonging to RMA. 128 tons @ \$6400/month is possible.

3.g.ii and iii – Page 14 - Okay

3.g.iv – Page 14 - Need two years from June 1, 2006

3.g.v – Page 14 - Okay

3.h – Page 15 - **Petitioning the Court for Allowance to Accept and Process Hazardous Materials.** This is not acceptable.

3.h.i – Page 16 - Okay. Take approximately five months.

PROPOSED CONSDENT DECREE
CORRECTIVE ACTIONS (Continued)

3.h.ii – Page 16 - Not possible.

3.h.iii – Page 16 - Not possible.

3.h.iv & v. – Page 16 - Not possible.

4. Stipulated Civil Penalties - Totally unreasonable and unacceptable. No investor, at this time, would invest \$1.5 million to rebuild Remacor, Inc. under the terms and conditions of this Consent Decree. Without the investor, Remacor, Inc. will cease operation in 30 days.

3/29/06

Confirmation Report - Memory Send

Page : 001
Date & Time: 29-Mar-06 09:31am
Line 1 : +
Machine ID : REMACOR WEST PGH

Job number : 104
Date : 29-Mar 09:30am
To : 21-412 586 1073
Number of pages : 003
Start time : 29-Mar 09:30am
End time : 29-Mar 09:31am
Pages sent : 003
Status : OK

Job number : 104

*** SEND SUCCESSFUL ***



Office of the President

P. O. Box 366, Route 168
West Pottsville, PA 16150
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
412-586-1073

March 29, 2006

Joseph M. Dawley, Esq.
Babst, Calland, Clements & Zomnir, P.C.
Two Gateway Center
Pittsburgh, PA 15222

RE: Consent Decree

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If you have any questions, please call me.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

Attachments

Total Pages Faxed - 4

"It's Performance That Counts"



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FAX: (724) 535-7761

VIA FAX
412-586-1073

March 28, 2006

Joseph M. Dawley, Esq.
Babst, Calland, Clements & Zomnir, P.C.
Two Gateway Center
Pittsburgh, PA 15222

RE: Consent Decree

Dear Joe:

Attached are my corrections on both the Findings and History of the Business portions of the Consent Decree. Also attached is a Strategy for Acquiring West Pittsburg Property.

If you have any questions, please call me.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

Attachments

Total Pages Faxed - 10

PROPOSED CONSENT DECREE

FINDINGS:

B. – Page 1 - Rare Earth Metals and Alloys Corporation not affiliated in any way with RMAC or Remacor, Inc.

D. – Page 2 - Rossborough-Remacor, LLC is not J. R. Jackman's business nor has RRLLC ever operated in West Pittsburgh.

G – Page 2 - The site was abandoned by the estate of Reactive Metals & Alloys Corporation.

H – Page 2 - These materials do not pose a high risk of fire when in contact with water or compounds that contain oxygen. Most of these materials contain water (25% water soluble cutting oils).

H2 – Page 2 - This was conducted by Reactive Metals & Alloys Corporation. Remacor, Inc. does not produce reagents or generate lime-magnesium waste or lime waste. Remacor, Inc. would generate process wastewater and might generate magnesium oxide, which is not hazardous.

HISTORY OF BUSINESS AT THE SITE:

K – Page 3 - July 31, 2001, Rossborough-Remacor, LLC acquired certain assets of RMA.

L – Page 3 - Filing date was March 7, 2001.

M – Page 4 - May 15, 2002, Remacor Inc. was formed.

O – Page 4 - On June 18, 2003, Rossborough-Remacor, LLC filed for reorganization under Chapter 11 of the Bankruptcy Code. On February 9, 2004, Remacor, Inc. purchased the manufacturing equipment and technology at the West Pittsburgh plant from the bankrupt estate of RRLLC. RRLLC was not Mr. Jackman's "other" company. He was not a shareholder. He was an employee from July 31, 2001 until November 30, 2003.

Q. Page 4 - Remacor, Inc. was under the assumption that we would enter into a Lease Agreement on the West Pittsburgh property with the estate of Reactive Metals & Alloys Corporation up until sometime after December 21, 2004. Remacor, Inc.'s attorney contacted the trustee at that time and was informed the property had been abandoned. The trustee had signed a Landlord's Waiver as a condition for Remacor, Inc. receiving a MELF loan that closed in October of 2004 and gave us no indication that the property had been abandoned.

T – Page 5 - Jackman continued to operate at the site with manufacturing equipment purchased from the bankrupt estate of RRLLC.

U – Page 5 - Remacor, Inc. had not generated any waste material at the site. The material that started the fire was work-in-process material.

PROPOSED CONSENT DECREE (Continued)

V – Page 5 - What is not known to be untrue in paragraphs N-P.

Reactive Metals & Alloys Corporation and Remacor, Inc. must not be collectively referred to as "Remacor".

X – Page 6 - The August 2005 fire started in the main warehouse. No processing (manufacturing) was done in this building.

AA – Page 7 - Our insurance company refused to pay the \$791,000 claim. We had to file suit on February 10, 2006. On February 13, 2006, the insurance company agreed to pay the claim. The claim has not yet been paid in full. No one informed us from the DEP that we had to file for a permit on the waste materials generated by the fire.

2. Findings – Page 9 - Some of the Findings in Paragraphs A through AJ are not correct.

3/28/06



P.O. Box 366, Route 168
West Pittsburg, PA 16160
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FAX: (724) 535-7761

STRATEGY FOR ACQUIRING WEST PITTSBURG PROPERTY

The following is a procedure by which the West Pittsburg property presently abandoned by the Estate of Reactive Metals & Alloys Corporation can be secured by Remacor, Inc. at a minimum cost that eliminates any potential environmental remediation liability that would be prohibitive.

Barry J. Trilling, an attorney from Wiggin and Dana LLP of Stamford, Connecticut, specializes in environmental law and specifically the redevelopment of brownfield sites. Barry has worked with the Lawrence County Economic Development Corporation on several successful brownfield site redevelopments in the New Castle area. His contact information is:

Barry J. Trilling, Esq.
Wiggin and Dana LLP
400 Atlantic Street
P.O. Box 110325
Stamford, CT 06911-0325
Telephone: 203-363-7670
Fax: 203-363-7676
E-Mail: btrilling@wiggin.com
Web Site: www.wigginENVIRONMENTAL.COM

SUMMARY OF PROPOSAL

1. Lawrence County would acquire the RMA property by tax foreclosure and then transfer the entire 40-acre parcel to LCEDC.
2. LCEDC or the County would conduct a Phase II environmental site assessment on the entire parcel, paid for by RI except to the extent that the County or LCEDC could obtain state or federal grant funds to do so.
3. Unless the Phase II assessment disclosed the existence of contamination which would render it logistically or financially unworkable for RI to make needed improvements at its current location, LCEDC would transfer to RI the 17 acres on which RI now conducts its operations and LCEDC would retain the remaining 23 acres for its own purposes.
4. As a result of these transactions, LCEDC would acquire, without any out-of-pocket expenditures, 23 acres of riverfront, rail-accessible property that is ripe for development.
5. Further, RI would continue to promote the Lawrence County economy and increase the local tax base by completing an estimated \$2.5 million in improvements to meet its production demands, doubling its West Pittsburg-based workforce from 35 to 70 workers in about two years, and decline the opportunity to move its production operations to Ohio.

Introduction

Remacor, Inc. has developed and patented a process for converting magnesium scrap into magnesium powder and granules, which it sells to the steel industry for use as a desulfurization agent. The primary supplier of magnesium powder and granules other than RI is the People's Republic of China. As the only United States producer of magnesium granules for hot metal desulfurization, RI has experienced increased demand for its product, which requires it to increase its production capacity. RI's production facilities occupy about 17 acres of a 40-acre tract in West Pittsburg. As currently configured, these facilities do not provide the company the ability to adequately meet its production demands. Reconfiguring RI's West Pittsburg operations and installing the additional needed production facilities would enable RI to continue to prosper and grow. This growth would result in doubling the company's current workforce to 70 or more employees.

Background

RI, a Pennsylvania corporation, was incorporated in May 2002. RI began operations March 1, 2003, continuing without interruptions the operations of the West Pittsburg facility of Reactive Metals and Alloys Corporation. RMA (sometimes also known as Remacor) had conducted its business at the West Pittsburg site for more than 28 years.

RMA grew from \$1.0 million in sales with 25 employees in 1975 to over \$50.0 million in sales and 200 employees by 1982, producing metallurgical additives for ingot additions in the steel industry. From 1982 through 1990, the steel industry transitioned from ingot cast to continuous cast steelmaking, thereby forcing RMA to dramatically change its product line and to expand and modify its production facility at great expense. This modification entailed an extremely expensive transition from products for ingot mold additions to hot metal desulfurization for the continuous caster. This radical and expensive change in product and service to a struggling and declining steel industry compelled RMA to merge with its competitor, Rossborough Manufacturing Company ("RMC"), of Cleveland, Ohio in 2001. As a condition of the merger, RMA filed a Chapter 11 bankruptcy to eliminate the burdensome debt incurred in making the transition into the hot metal desulfurization business. A new entity, "Rossborough-Remacor, LLC" ("RR") was organized for the purpose of acquiring the assets of both RMC and RMA. When RMA filed its Chapter 11 petition with the Bankruptcy Court on March 7, 2001, it also filed a motion requesting the Court to authorize sale of its operating assets other than the West Pittsburg real estate to RR. That asset sale closed on July 31, 2001 and under the sales agreement, in exchange for the sale of assets to RR, RMA received \$200,000 in cash from RR and a subordinated note for \$3,800,000, which was later adjusted to \$3,200,000 as a result of the non-transfer of certain real estate. In addition, RR agreed to make twenty-four monthly interest-only payments of \$16,166 to RMA. The RMA Plan also required RR to make quarterly principal payments in the amount of \$266,666.67 beginning August 1, 2003, plus interest at the rate of 10% per annum on the unpaid principal balance. The estate of RMA also received a 40% interest in RR as additional consideration for the sale of its assets. RMA then in August 2001 entered into an exclusive supply agreement with RR for the manufacture and supply of magnesium powder and granules.

The RMA Plan also created a Liquidation Trust. Upon confirmation, all the cash and other property of the RMA estate (including the receivable from RMA and the equity interest in RR referred to above, but excluding the West Pittsburg property) were transferred to the Liquidation Trust. The reorganized RMA continued to operate as a captive production facility for the sole purpose of supplying RR with magnesium granules used for hot metal desulfurization pursuant to the exclusive supply agreement. The only asset of the reorganized RMA consists of the West Pittsburg real estate.

The RMA Plan called for the Board of Directors of RMA to be reconstituted and to consist of three members, approved by both RMA and the Creditors' Committee. It also called for the Liquidation Trustee to become the Chief Executive Officer (CEO) of RMA, with Charles Willison to serve as Secretary and Chief Financial Officer (CFO) of RMA. Although RMA continued to fulfill its supply contract obligations to RR, RMA's Board of Directors never was reconstituted and the Liquidation Trustee did not become the CEO. Pennsylvania law did not require RMA to prepare or submit to Pennsylvania state authorities any new or amended papers reflecting its reorganized structure, and it did not do so.

Meanwhile, the recent bankruptcy filings of many U.S. steel producers had reduced RR's income by more than \$5.5 million during the three years ending in June 2003. As a result, RR filed a Chapter 11 bankruptcy in Ohio in 2003. Although the RR bankruptcy brought a practical end to the exclusive RMA supply agreement with RR, the RMA facility remained capable of

continuing operations. This gave RI the opportunity to purchase the manufacturing equipment and technology for the production of magnesium granules from the bankruptcy estate of RR and to save the 35 jobs at the West Pittsburg plant. Although the new RI shares the "Remacor" name with its predecessor entities, it does not carry the burden of the former companies' debts. RI does, however, continue (as explained in more detail below) to meet the environmental obligations that accompany operating a facility at the site.

On October 31, 2003, under a Bankruptcy Code Section 363 sale, RI purchased RR's equipment and technology for processing secondary magnesium scrap, *i.e.*, that part of RR's technical/industrial process that RR had earlier purchased from RMA.¹ Since acquiring legal rights to this equipment and technology, RI has experienced rapid growth in demand for its magnesium powder and granule products. It plans to install equipment utilizing new technology that processes post-consumer scrap, oily magnesium turnings, and oily magnesium scrap into magnesium powder and granules to expand the plant's capacity to 2,500 TPY from 1,000 TPY over a 12-month period. Estimated costs to complete the project in West Pittsburg amount to approximately \$2.5 million.

Although RI now owns the equipment and process needed to go ahead with its project, it does not own the real property on which its business operates. Rather, legal title to the property lies with the reorganized RMA. RMA is merely a shell—a defunct, phantom company with no board of directors, no employees, no plant, no office, and nothing other than an "official" existence with a single asset—the West Pittsburg real estate on which the RI plant now stands. RI is not a tenant or lessee of the property, but a mere occupant with no clearly articulated legal right to occupy the property. This problem is the heart of why RI now calls on LCEDC for assistance, as explained in the following section.

Why Remacor Inc. Requests That LCEDC Intervene as a Purchaser of the West Pittsburg Property

RI needs to have title to the 17-acre portion of the land on which it currently operates in order to obtain expansion financing. The legal complications that would arise from resuscitating RMA, such that it could sell the property to RI, would be prohibitively time-consuming and expensive. LCEDC's acquisition and partial transfer of the property, however, would avoid these disadvantages while benefiting both the LCEDC and RI.

RI does not occupy a favorable position to purchase the West Pittsburg property directly from RMA in light of the environmental issues described below that could impede RI's ability to obtain the financing, despite RI's current compliant environmental status. As to that current status, RI has entered into (and is in compliance with) an agreement with the Pennsylvania Department of Environmental Protection (DEP) to remove from the site more than two million pounds of drummed and palleted residual waste (most of which consists of un-used "raw materials" for the former industrial process utilized by RMA to produce desulfurization materials

¹ A private investment firm, Magnesium Technologies Inc., purchased RR's reagent business segment in December, 2003. The reagent business included all of RR's iron desulfurization products and other magnesium-base products, production facilities in Walkerton, IN, and equipment located at customers' plants. The new firm continues to do business under the Rossborough name.

for iron and steel manufacturing). RI has managed to remove and properly dispose of this material at the rate of about 200,000 pounds per quarter since October, 2004, and anticipates that it will remove all the material within the two-year deadline for doing so imposed in its agreement with DEP.

The environmental issue referred to above that could impede RI's ability to borrow arises out of the liability scheme under both federal and Pennsylvania law with regard to the cleanup of property known or suspected to contain hazardous substances, *i.e.*, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA" or "Superfund"), 42 U.S.C. §§ 9601, *et seq.*, and Pennsylvania's Hazardous Sites Cleanup Act ("HSCA"), 35 P.S. §§ 6020.101, *et seq.* These laws each attach liability for remediation of the release of hazardous substances on a basis of retroactive, strict, and joint and several liability. That means that despite the level of care exercised in the generation, handling, storage, management, treatment, transportation, or disposal of materials at a property, if a release of a hazardous substance takes place at the property, any party associated with the material's presence at the property, including current and former owners and operators of the property, has liability to pay the expense of cleanup. Moreover, unless the statute of limitations period has run (no sooner than three years after the completion of remedial action at the site), the parties are liable for activities taking place in the distant past, even before enactment of these statutes. Each potentially responsible party has liability for the entire cleanup, not just its share: the law leaves it to the responsible parties to sort out individual shares of liability among themselves. This scheme leads to complex, expensive, and time-consuming litigation and has put a damper on the transfer of properties with known or suspected contamination, particularly properties such as the plant in West Pittsburg which has been utilized for manufacturing for over a century.

On a positive note, however, the environmental laws provide protection from liability for innocent purchasers of contaminated property, *i.e.*, parties that had nothing to do with causing the problems at a contaminated property, or a contractual relationship (other than the property purchase agreement) with a potentially responsible party. Both Lawrence County and LCEDC would qualify as such innocent purchasers. Innocent parties escape the liability scheme entirely, so long as they have made "All Appropriate Inquiry" before purchasing the property and thereafter exercise "Reasonable Care" to address any contamination discovered on the property. "All Appropriate Inquiry" currently consists of the completion of a Phase I Environmental Assessment report in compliance with the 1-1527-00 Standard of the American Society of Testing and Materials ("ASTM"). "Reasonable Care" does not mean doing a "full-blown" Superfund cleanup; rather, it requires only taking steps to prevent immediate human exposure and further release of hazardous material.

Regrettably, RI may face an uphill battle to qualify as an "innocent purchaser" of the property because of RI's relationship with RR and RMA, the owners and operators of the site at the time potential contamination of the site could have occurred. Also, Joseph Jackman's role as having served as president of both these companies complicates the relationship for the purpose of establishing an innocent purchaser defense for RI. RI purchased the process and equipment of RR, and Jackman had personal responsibility for the West Pittsburg facility at both RMA and RR, as he currently does at RI. This lingering potential liability alone could inhibit RI's obtaining financing to purchase the property on which it currently operates and to pay for its

needed improvements. Wiggin and Dana LLP anticipates, however, that RI would not face these substantial barriers to obtaining financing were there another party that does not share this historical burden to acquire the property and then transfer the property to RI.

Our Proposal

In brief, we propose that Lawrence County (or alternatively both the County and LCEDC) commission an ASTM E-1527-00 Phase I Environmental Site Assessment of the entire RMA property to fulfill its (or their) "All Appropriate Inquiry" obligation for the "innocent purchaser" defense under CERCLA. (Such an inquiry ordinarily costs in the range of \$1500 to \$3000.) The County would then enforce its outstanding tax lien of about \$300,000 on the property, take the property through a tax foreclosure sale, and then transfer the property for no or nominal consideration to LCEDC. LCEDC could rely on the Phase I study of the County to meet its own "All Appropriate Inquiry" obligation if the transfer takes place promptly. LCEDC would then, as described below, retain for itself the approximately 23 acres of currently undeveloped property that RI does not need for its operations and transfer to RI the 17 acres on which the company has historically conducted its operations and intends to revamp its production facilities. Hence, RI would own and occupy the portion of the property most likely to raise environmental issues, while LCEDC would obtain, at no cost, 23 acres of very "developable" riverfront, rail accessible property.

After the acquisition of the property by the County and either before or after transfer to LCEDC, the County or LCEDC would undertake a Phase II environmental site assessment of the property. RI would cover the cost of the Phase II study to the extent that neither Lawrence County nor LCEDC could obtain sufficient grant or loan funds to pay for this study. A substantial benefit of this proposal arises from Lawrence County's and LCEDC's eligibility for state and federal grants and loans for site assessment and cleanup that a private entity such as RI cannot qualify to obtain. Thus, RI would reasonably expect the County and LCEDC to take advantage of these funding opportunities; RI would then agree to pay for the shortfall between application and grant. (Insofar as RI does not currently own the property it cannot unilaterally conduct a Phase II study on its own behalf. For it to obtain permission to do so from RMA would raise the legal complications mentioned above with regard to resuscitating the dormant "phantom" entity.)

RI has a high level of confidence that a Phase II examination will not disclose the release of hazardous substances associated with its or RMA's operation of the property. It cannot make that claim, however, with regard to previous industrial operations at the property that took place before RMA occupied the site. A Phase II assessment might disclose the existence of contamination associated with those activities. The significant benefits that will flow from undertaking the Phase II assessment and the consequent property transfer, coupled with the County's and LCEDC's innocent party status and their exemption from environmental liability for site conditions, more than outweigh any risks of disclosure of contamination.

Unless the Phase II examination of the property discloses the existence of contamination, the required remediation of which would render RI's proposed improvements unworkable for either financial or logistic reasons, LCEDC would transfer to RI the 17 acres, which RI needs to

complete its improved production facilities plan. LCEDC would retain the remaining, highly developable and attractive 23 acres for its own purposes. A neutral third-party could determine whether the required remediation rendered the improvements "unworkable." RI would thus acquire responsibility for all required environmental compliance with regard to its 17 acres and LCEDC for its 23 acres. Unlike RI, however, LCEDC will have the opportunity to seek state and federal grant and loan assistance with efforts it may choose to undertake with regard to remediation and redevelopment of its property.

Both LCEDC and RI could endeavor to take advantage of liability releases under the voluntary remedial program of Act 2, Pennsylvania's "Land Recycling Act." The parties would execute a mutual release of claims between one another with regard to the potential environmental liability of each parcel, i.e., no party would seek to recover against the others for costs of environmental remediation of their respective parcels.

Why should LCEDC agree to this proposal?

At the height of its economic "hey-day" in the 1980s, Remacor employed more than 200 people and contributed to the local economy both by paying taxes and supporting local businesses. With its greatly expanded market and bright prospects for growth, RI can project at least doubling its current 35-person workforce to 70 within two years. RI wants to expand where it has roots and a solid, experienced, and loyal Lawrence County workforce here in West Pittsburg.

Thus, a decision by LCEDC to acquire the West Pittsburg property, and perform the Phase II assessment would preserve those jobs, help increase the tax base, and restore more consumer spending in the vicinity. In addition, LCEDC, at no cost, would acquire 23 acres of attractive riverfront and rail-accessible property that is ripe for redevelopment. With a refurbished RI next door, the adjoining property could benefit from the symbiosis associated with a successful neighbor.

2/23/06



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
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VIA FAX
412-586-1073

TO: Joseph M. Dawley, Esq.
Babst, Calland , Clements & Zomnir, P.C.

FROM: Joseph R. Jackman
REMACOR, INC.

DATE: 3/27/06

SUBJECT: **Consent Decree**

Joe, the following is some correspondence between DePasquale and me regarding our project. DePasquale has been instrumental in putting me in contact with the Pennsylvania Recycling Market Center, PENNTAP officials and the Governor's Action Team, which has resulted in REMACOR putting together the \$1.5 million financing package to rebuild the plant and the \$1.0 million DOE Inventions and Innovation Grant.

We need about 60 days to finalize the \$1.5 million financing package with our potential investors. If they feel we have a serious environmental problem or this legal action against us can't be resolved, they obviously will not go forward and this place will be dead!!

Maybe a quick trip to Harrisburg to bring DePasquale up to date might be something we should consider.

JRJ/mjl



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
818-994-9432

TO: Kim
Roger George Rentals

FROM: Joseph R. Jackman
REMACOR, INC.

DATE: 3/24/06

SUBJECT: **Mischalloy 752**

Kim, we have material in 30" lengths x 1/2" diameter. Can be cut to any length between 4" and 30". Price will change. Can ship today. Price is \$49.50 per piece. Minimum order is 40 pieces for the 30" lengths. Terms are net 30 days. F.O.B. our plant. Material is packaged in wooden box or steel drum. Approximate net weight is 55 lbs.

Sincerely,

JRJ/mjl

Confirmation Report - Memory Send

Page : 001
Date & Time: 24-Mar-06 09:15am
Line 1 : +
Machine ID : REMACOR WEST PGH

Job number : 074
Date : 24-Mar 09:14am
To : 81-818 994 9432
Number of pages : 001
Start time : 24-Mar 09:14am
End time : 24-Mar 09:15am
Pages sent : 001
Status : OK

Job number : 074

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Office of the President

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818-994-9432

TO: Kim
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FROM: Joseph R. Jackman
REMACOR, INC.
DATE: 3/24/06
SUBJECT: Mischalloy 752

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Sincerely,

JRJ/mjl

"It's Performance That Counts"



Office of the President

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West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

March 23, 2006

Mr. Kenneth Brown
270 McCaslin Road
New Castle, PA 16101

RE: Position of Maintenance Superintendent

Dear Kenny:

As we discussed several weeks ago, we are pleased to offer you the position of Maintenance Superintendent at a starting annual salary of \$41,600. There will be a 10% increase after six months. There will also be three weeks vacation after the first full year of employment.

If you have any questions, please feel free to call. Welcome back!!!

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA UPS OVERNIGHT MAIL

March 23, 2006

BCC: CW

Barry J. Trilling, Esq.
Wiggin and Dana, LLP
400 Atlantic Street
P.O. Box 110325
Stamford, CT 06911-0325

Dear Barry:

Enclosed is a check for \$10,000 towards our outstanding balance. We will send another \$10,000 within approximately three weeks.

We are very close to finalizing a \$1.5 million refinancing package with an investment group from Pittsburgh. We hope to have this completed within the next 30 days. Obviously, the property issue is key to our whole project. We have engaged the services of a local attorney, David Henderson (724-658-5776), to get a handle on the present disposition of the property with the County. Attached is an Assessment Office Resolution Exonerations dated October 18, 2005. We have asked David to find out exactly what the status is with the property. There seems to be some confusion. Please feel free to contact him directly. Apparently there can be a purchase of the property sometime in April. Our timing seems to be on target.

I am also enclosing a copy of Linda Nitch's response to our letter of May 11, 2005. I want to change the offer of 17 acres to 10 acres in exchange for their cooperation. I will explain later. This is not going to be a problem.

In addition, I am enclosing a copy of a proposal from Mountain Research, LLC for a Phase II Assessment, which gives us an estimate of the costs involved. Jim Rea told me they have worked with you before and that you were familiar with them. I realize this Assessment has to be authorized by the LCEDC as part of the due diligence of a prospective buyer/developer. Hopefully, there will be state or federal funds to pay for the Phase II Assessment.

Barry J. Trilling
March 23, 2006
Page 2

Please give me a call so we can further discuss and develop our plan of attack.

Sincerely,

REMACOR, INC.

A handwritten signature in black ink, appearing to read "Joe Jackman". The signature is fluid and cursive, with the first name "Joe" and last name "Jackman" clearly distinguishable.

Joseph R. Jackman
President

JRJ/mjl

Attachments



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

March 21, 2006

Mr. John D. Kline
Senior Vice President
First National Bank
Commercial Lending
One F.N.B. Blvd. - 5th Floor
Hermitage, PA 16148

RE: Changes in Equity and Debt

Dear John:

We have gone back to Dan Sullivan of the CL Fund and told him that, if they change the \$400,000 in Equity/Subordinated Debt combination to at least \$250,000 in equity and \$250,000 in subordinated debt, the REMACOR shareholders would put in \$100,000 cash (this would be raised through the sale of obsolete equipment and/or shareholder contributions); and we would negotiate a reduction of our accounts payables by 50% on \$188,000. We would pay the creditors the balance of the \$188,000 or \$94,000 at closing from the additional cash proceeds. This reduces our accounts payable to \$73,691 from \$261,691 and reduces the retained earnings deficit by \$94,000. Dan seemed pleased with this possibility and asked me if he could shift more into equity. I told him this was really more desirable.

The total cash for working capital would be \$600,000. After \$100,000 for our share of the SBA loan and \$94,000 to pay off the \$188,000 accounts payable debt, we would have \$400,000 for working capital. This is shown in detail in the Cash Flow Projection that I have enclosed.

The enclosed Proforma Balance Sheet Ending February 28, 2006 reflects these changes and are detailed on the Assumption page. I have also attached another copy of the long-term debt schedule, which we sent you on March 14. This schedule has not changed. Please note that the Proforma Balance Sheet does reflect \$100,000 less Sky Bank debt because of the Assumptions that I noted. However, we have decided that, because of the SBA guarantee at Sky Bank, we might jeopardize the SBA 504 loan and therefore must pay Sky Bank in full. You may

Mr. John D. Kline

March 21, 2006

Page 2

have some other ideas on how to handle Sky Bank. Maybe we could get them to take a \$200,000 note in order to reduce your exposure.

As you can see from the Weekly Cash Flow Projection, we have factored in a revolver based on receivables. We are assuming we can secure a \$300,000 line of credit with F.N.B. similar to the one we have with Sky Bank in addition to the \$500,000 portion of the SBA loan.

If you need any other information, please let me know.

Sincerely,

REMACOR, INC.

A handwritten signature in cursive script that reads "Joe Jackman".

Joseph R. Jackman
President

JRJ/mjl

Enclosures



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA. 16160
(724) 535-4357
FAX: (724) 535-7761

TO: John Kline
F.N.B.

FROM: Joe Jackman
REMACOR, INC.

DATE: 3/21/06

SUBJECT: Cash Flow Analysis from May 5, 2005 through March 23, 2007

John, the following Cash Flow Analysis is projected weekly through March 23, 2007. We have incorporated all of our operating expenses as well as all debt service. We are not quite certain of the exact debt that our new bank would have at closing:

1. SBA 504 50% portion	-	\$500,000
2. Estimated Sky Bank debt after insurance proceeds*	-	<u>\$434,453</u>
3. Total Estimated Debt	-	\$934,453

*Estimated Sky Bank debt, after all insurance proceeds are received, is \$410,000. The difference is in legal fees and leased equipment losses that are being negotiated with Sky Bank and have not been finalized. Final total debt will be between \$410,000 and \$435,000.

JRJ/mjl



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

TO: John Kline
F.N.B.

FROM: Joe Jackman
REMACOR, INC.

DATE: 3/21/06

SUBJECT: DOE Grant Filing

John, attached is all the data for the Unsolicited Grants Program filing. We are applying for a \$1.0 million grant through this program. We are being assisted by the Pennsylvania Recycling Market Center and PENNTAP. They have helped us secure a professional grant writer. This whole program was recommended by Eugene DePasquale, Deputy Secretary of the DEP in Harrisburg. The PRMC is an organization created by the U.S. DEP specifically to assist small companies in the development of recycling and energy savings practices.

We have sent request for support letters to:

- Governor Edward Rendell
- Deputy Secretary Eugene DePasquale
- Senator Rick Santorum
- Congresswoman Melissa Hart
- Representative Frank LaGrotta
- Senator Gerald LaValle

Obviously, one of the key features in our project is the 74 jobs. We are going to wait about 7-10 days for the replies on the request for support letters and then submit our Abstract to John Augustine of the DOE in Pittsburgh. The time line on these type grants could be 3-9 months.

JRJ/mjl



REMACOR, INC.
P.O. BOX 366 ROUTE 168
WEST PITTSBURG, PA 16160
PHONE: (724) 535-4357
FAX: (724) 535-7761
E-Mail: remacor@icubed.com
Web Site: www.remacorinc.com

FAX

To: Brian A. Mummert, Solid Waste Supervisor Company: PA DEP	From: Joseph R. Jackman
Fax: 814-332-6117	Pages: 2
Phone: 814-332-6848	Date: March 20, 2006
Subject: Attached Raw Material Supplier List	CC: JLL

Remacor, Inc.
Raw Material Supplier List

Customer	Contact	Telephone	Address	City	State	Zip	Weight (Lbs) of Material
American Iron & Metal Company Inc.	Serge Thibault	514.494.2000	9100 Est Boul. Henri-Bourassa	Montreal	QU	H1E 9S7	86,652
Amacor	Bruce Murray	765-643-5873	1820 East 32nd Street	Anderson	IN	46013	61,956
Black & Decker Corporation	Phillip Mulhall	910.423.3258	Highway 301 South	Fayetteville	NC	28306	12,540
Consolidated Foundry Inc.	Sally Jimenez	909-595-2252	4200 W. Valley Blvd.	Pomona	CA	91766	43,776
SPX Contech	James Berry	269-327-9990	8001 Angling Rd., Suite 100	Portage	MI	49024	52,565
Garfield Alloys, Inc.	Patty Konopka	216.587.4843	4878 Chaincraft Road	Cleveland	OH	44125	30,680
Gateway Commerce Center	William Beard	724-535-4300	1605 Old Route 18	Wampum	PA	16157	44,040
Gutierrez Machine Corporation	Eric Gutierrez	570-888-9453	P.O. Box 71, Front Street	Athens	PA	18810	3,845
Hitchcock Industries Inc.	Jonathan Hitchcock	952-887-7711	8701 Harriet Avenue South	Minneapolis	MN	55420	76,760
Intermet/Diemakers	Jeff Spalding	573.735.4577	801 Second Street	Monroe City	MO	63456	1,193,694
Johns Hopkins/U/Applied Physics Lab	Jesse Watson	443-778-4718	11100 Johns Hopkins Road	Laurel	MD	20723	1,916
Kirschbaum Krupp Metal Co.	Barry Krup	612.521.9212	212 Seventeenth Ave. North	Minneapolis	MN	55411	44,006
Lavigne Manufacturing Inc.	David Lavigne	401-943-9292	15 Western Industrial Drive	Cranston	RI	02921	5,827
Lunt Manufacturing Company, Inc.	Lars Brandt	847-524-5542	601-605 Lunt Avenue	Schaumburg	IL	60193	150,672
MJ Metals Inc.	Jeffrey Dreyer	203-334-3484	201 Hancock Avenue	Bridgeport	CT	06605	125,443
Magnesium Products of America	Terry Horth	519-245-4040	2001 Industrial Drive	Eaton Rapids	MI	44827	450,011
Meridian Mg Products-Strathroy	Terry Horth	519.245.4040	155 High Street East	Strathroy	ON	N7G 1H4	450,011
MetalMart International, Inc.	Patrick Corless	800-888-7766	5828 Smithway Street	Commerce	CA	90040	2,669
Middleton Aerospace Corp.	Jim Barbeau	978.774.6000	206 South Main Street	Middleton	MA	01949	3,861
National Machine	John Zakarowsky	330-688-6494	4880 Hudson Drive	Stow	OH	44224	4,291
Product Technologies Inc.	David Rivers	320.963.3200	310 Congress St. W.	Maple Lake	MN	55358	79,021
Premier Metals, Inc.	David Samburg	317-695-7916	1427 West 86th Street	Indianapolis	IN	46260	4,411
Roll Off Service, Inc.	Pete Daniels	479-601-5795	2156 E. Emma	Springdale	AR	72764	30,925
Spartan Light Metal Products	Mike Welge	573-581-2272	510 E. McClurken Avenue	Sparta	IL	62286	252,416
Tri Mag	Colleen Macklem	613-432-6668	634 Magnesium Road	Haley, Onatario	Canada	K0J 1Y0	27,000
Winters Performance Products, Inc.	Vaughn Winter, Jr.	717-764-9844	1830 Trolley Road	York	PA	17404	77,328
Total Raw Materials from Suppliers							3,316,316
REMACOR, INC. Work-in-Process Material. Not able to determine supplier.							524,998
TOTAL							<u>3,841,314</u>

Confirmation Report - Memory Send

Page : 001
Date & Time: 20-Mar-06 10:51am
Line 1 : +
Machine ID : REMACOR WEST PGH

Job number : 044
Date : 20-Mar 10:50am
To : 81-814 332 6117
Number of pages : 002
Start time : 20-Mar 10:50am
End time : 20-Mar 10:51am
Pages sent : 002
Status : OK

Job number : 044

*** SEND SUCCESSFUL ***



REMACOR, INC.
P.O. BOX 366 ROUTE 168
WEST PITTSBURG, PA 16160
PHONE: (724) 636-4367
FAX: (724) 535-7761
E-Mail: remacor@icubed.com
Web Site: www.remacorinc.com

FAX

To: Brian A. Mummert, Solid Waste Supervisor Company: PA DEP	From: Joseph R. Jackman
Fax: 814-332-6117	Pages: 2
Phone: 814-332-6848	Date: March 20, 2006
Subject: Attached Raw Material Supplier List	CC:



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

TO: Dan Sullivan
Loan Officer
CL Fund

FROM: Joseph R. Jackman
President
Remacor, Inc.

cc: MOL

DATE: 3/17/06

SUBJECT: Proposed Debt and Equity Structure

Dan, per our conversation today,

Remacor would be willing to:

1. Invest \$100,000 in cash towards working capital from the shareholders
2. Negotiate a \$300,000 - \$400,000 reduction in payables and term debt.
3. Secure a bank to furnish the \$500,000 portion of the SBA 504 \$1.0 million loan and provide a \$300,000 revolver.

Providing the CL Fund will furnish:

1. \$500,000 in combination of subordinated debt and/or equity. More equity would be preferable.
2. Help us secure the SBA 504 \$1.0 million loan for equipment and buildings.

Dan, I have included the Pro Forma Balance Sheet and cash flow analysis that reflects the above. Chuck Willison can go over the assumptions and changes on Monday.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
412-201-2451

TO: Dan Sullivan
Loan Officer
CL Fund

FROM: Joseph R. Jackman
President
Remacor, Inc.

DATE: 3/15/06

SUBJECT: Sales Letters of Intent

I am sending you copies of letters of intent from our two domestic customers – Magnesium Technologies Corporation (Rossborough) and Hart Metals.

The correspondence from Rudolf Geisler is from our German customer, Almamet GmbH. They want everything we can produce. We were shipping all our material to Almamet's plants in India, Turkey and Germany. When we restart, we will sell to the domestic reagent producers – Hart and Rossborough because we can get a better price.

I can give you direct contacts at these companies, if you would like to call them.

Sincerely,

JRJ/mjl

Attachments

Magnesium Technologies Corporation

February 9, 2006

Mr. Joseph R. Jackman
President
Remacor, Inc.
P.O. Box 366, Route 168
West Pittsburg, PA 16160

RE: Purchase of Mg Granules

Dear Joe:

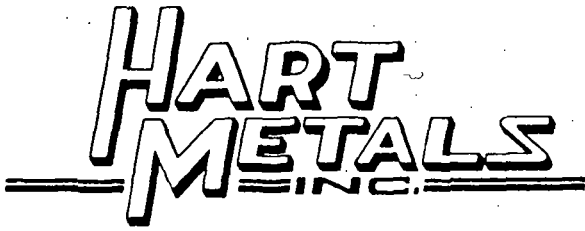
Magnesium Technologies Corp. is a very supportive customer of Remacor, Inc. and hope that you are successful in rebuilding after your fire. Rossborough certainly wants to support your company as our domestic supplier of secondary magnesium granules in view of the China situation.

We will continue to purchase your secondary magnesium granules providing quality is acceptable and pricing is competitive.

Sincerely,

Magnesium Technologies Corp.

Thomas R. Grady



1415 E. BROAD ST.
TAMAQUA, PA 18252
570-668-0001
FAX 570-668-6526

January 25, 2006

Mr. Joseph R. Jackman
President
REMACOR, Inc.
P. O. Box 366, Route 168
West Pittsburg, PA 16160

RE: Desulfurization Granules

Dear Joe:

Hart Metals, Inc. will be willing to purchase your SMG 88 in quantities yet to be determined assuming your material meets our quality specifications and pricing is acceptable.

Obviously, with all the magnesium ingot and powder presently coming from China, we would be happy to help develop a reliable domestic supplier for a lower cost secondary magnesium granule product for hot metal desulfurization in North America.

Yours truly,

Hart Metals, Inc.

A handwritten signature in black ink, appearing to read "Mitchell L. Markovich", is written over the printed name.

Mitchell L. Markovich
President

Gewerbestr. 5a
D-83404 Ainring
Telefon : +49(0)8654-50044
Telefax : +49(0)8654-5605
gelsler@almamet.com
http://www.almamet.com

JLL DIST
cc: JSM 4-26-05

An / attn. : Joe Jackman
Firma/Company : REMACOR
Fax-Nr. : 001-724-535 7761

Von / from : Rudolf Gelsler
Datum / date : 26.04.2005
Selten / pages : 1

Betrifft/reference : Confirmed shipments / delivery schedule

Dear Joe,

shipments already done / till May 12:

- 3 lots to Rotterdam
- 2 lots to Istanbul
- 1 lot to India (departure May 12)

please continue with following schedule :

- 1 lot to India
- 1 lot to Rotterdam
- 1 lot to Istanbul

destination for next deliveries, I will inform you end of May

Best regards
Rudi



Copie : Ms.Nabicht
Mr.Herwig

Gewerbestr. 5a
D-83404 Ainring
Telefon : +49(0)8654-50044
Mobil : +49(0)1722302509
Telefax : +49(0)8654-5605
geisler@almamet.com
http://www.almamet.com

An / attn. : Joe Jackman
Firma/Company : REMACOR
Fax-Nr. : 001-724-535 7761

Von / from : Rudolf Geisler
Datum / date : 11.05.2005
Seiten / pages : 1

Betrifft/reference : Confirmed shipments / new delivery schedule

TOP URGENT

Dear Joe,

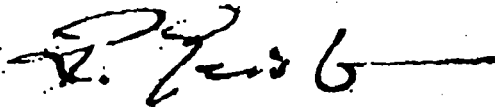
as already discussed we have changed our delivery program. Please confirm and add departure of the shipments :

Shipments already done / till May 12:
- 3 lots to Rotterdam
- 1 lot to India (departure May 12) ???

Please continue with following schedule :
- 3 lots to Rotterdam – please let us have expected departure

★ Destination for next deliveries, I will inform you end of May. Can you increase your capacity – up to ?

Best regards
Rudi



Copie : Ms.Nabicht
Mr.Herwig

Confirmation Report - Memory Send

Page : 001
Date & Time: 15-Mar-06 02:00pm
Line 1 : +
Machine ID : REMACOR WEST PGH

Job number : 036
Date : 15-Mar 01:59pm
To : 412 201 2451
Number of pages : 005
Start time : 15-Mar 01:59pm
End time : 15-Mar 02:00pm
Pages sent : 005
Status : OK

Job number : 036

*** SEND SUCCESSFUL ***



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4337
FAX: (724) 535-7761

VIA FAX
412-201-2451

TO: Dan Sullivan
Loan Officer
CL Fund
FROM: Joseph R. Jackman
President
Remacor, Inc.
DATE: 3/15/06
SUBJECT: Sales Letters of Intent

I am sending you copies of letters of intent from our two domestic customers - Magnesium Technologies Corporation (Rossborough) and Hart Metals.

The correspondence from Rudolf Geisler is from our German customer, Almamet GmbH. They want everything we can produce. We were shipping all our material to Almamet's plants in India, Turkey and Germany. When we restart, we will sell to the domestic reagent producers - Hart and Rossborough because we can get a better price.

I can give you direct contacts at these companies, if you would like to call them.

Sincerely,

JRJ/mjl

Attachments

"It's Performance That Counts"



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

March 20, 2006

Mr. Scott W. Johnson
Assistant Attorney General
Workers Compensation Section
615 West Superior Avenue, 11th Floor
Cleveland, OH 44113-1899

**RE: Joseph Draper vs Administrator, et al
Trumbull County Case No. 2006CU300
BWC Claim No. 03-889139 and 03-889140**

Dear Mr. Johnson:

Pursuant to your letter of March 6, 2006 to Reactive Metals & Alloys Corporation, please be advised that the above mentioned company filed for protection under the U.S. Bankruptcy Code Chapter 11 on March 7, 2001; Bankruptcy #01-22183 MBM, a copy of which is enclosed for your information. There are no records and company personnel do not recall Mr. Joseph Draper ever being employed at this location.

The assets of this company were sold by the court to Rossborough-Remacor, LLC, an Ohio Corporation who also has no record of Mr. Draper ever being employed by their company, which is now also bankrupt, as of June 18, 2003.

The present company operating at this location is Remacor, Inc.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

Enclosures

**United States Bankruptcy Court
Northern District of Ohio**

Notice of Bankruptcy Case Filing

A bankruptcy case concerning the debtor(s) listed below was filed under Chapter 11 of the United States Bankruptcy Code, entered on 06/18/2003 at 2:24 PM and filed on 06/18/2003.

Rossborough-Remacor, LLC
33565 Pin Oak Parkway
Avon Lake, OH 44012
Tax id: 34-1948631
dba
Magtech, LLC



The case was filed by the debtor's attorney:

Diana M Thimmig
925 Euclid Ave
Huntington Bldg
#1100
Cleveland, OH 44115-1475
(216) 696-1100

The case was assigned case number 03-18020 to Judge RANDOLPH BAXTER.

The filing of a bankruptcy case automatically stays certain actions against the debtor and the debtor's property. If you attempt to collect a debt or take other action in violation of the Bankruptcy Code, you may be penalized.

If you would like to view the bankruptcy petition and other documents filed by the debtor, they are available at <http://www.ohnb.uscourts.gov> or at your local Clerk's Office.

You may be a creditor of the debtor. If so, you will receive an additional notice from the court setting forth important deadlines.

Kenneth J. Hirz
Clerk, U.S. Bankruptcy
Court

PACER Service Center

Transaction Receipt

{SystemName} - {EventTitle}

Page 2 of 2

07/02/2003 10:09:31			
PACER Login:	ah0003	Client Code:	0000000850
Description:	Notice of Filing	Case Number:	03-18020-rb
Billable Pages:	1	Cost:	0.07

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

IN RE:

Reactive Metals & Alloys Corporation

Bankruptcy No:

01 - 22183 MBM

Debtor(s).

CERTIFICATE OF COMMENCEMENT OF CASE

I certify that on 03/07/2001, the above named debtor filed a petition requesting relief under chapter 11 of the Bankruptcy Code (title 11 of the United States Code), and that as of the date below the case has not been dismissed.

Theodore S. Hopkins
Clerk of the Bankruptcy Court

03/07/2001

Date

By: **Connie Ulysse**
Deputy Clerk

In The United States Bankruptcy Court For The Western District of Pennsylvania I, the undersigned Deputy Clerk, U.S. Bankruptcy Court in and for said District, DO HEREBY CERTIFY that this copy has been compared with the original thereof and that it is a complete and correct copy of such original as it appears of record and on file in my office.

IN TESTIMONY WHEREOF I have hereunto set my hand at Pittsburgh in said District, this 10 day of March 2001

C. Ulysse
Deputy Clerk, U.S. Bankruptcy Court



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

March 15, 2006

Mr. Kevin Bowser
Chief of Staff to Representative LaGrotta
House of Representatives
Commonwealth of Pennsylvania
718 Lawrence Avenue
Ellwood City, PA 16117

Dear Kevin:

The attached information explains, more in detail, what I outlined last week to you, the folks from Taylor Township and the DEP representatives. The DOE Grant Application is part of a \$3.0 million expansion program for REMACOR here in West Pittsburg, which will result in about 74 new jobs over the next two years.

Obviously, the folks from West Pittsburg were not aware of the proposed project and I have to take the responsibility for that oversight. Since the fire here last August, we have been working very hard to put together a refinancing package. The first part, a \$1.5 million expansion program, should be approved this week. We will certainly take steps to keep them more informed of our project as the Township has much to gain with the addition of the 74 jobs, as you well know.

I hope we can get the letter of support from Representative LaGrotta. It will be extremely helpful.

Thank you for your assistance on this project. It was nice meeting you last week.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

Attachment



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

March 15, 2006

The Honorable Frank La Grotta
House of Representatives
302 Main Capitol Building
Harrisburg, PA 17120-2020

RE: Request for Letter of Support – Unsolicited DOE Grant Filing

Dear Mr. La Grotta:

This correspondence is directed to your attention requesting a letter of support for REMACOR, INC., a company doing business in Lawrence County, West Pittsburg, PA. Please find enclosed an Abstract, which will provide you with an overview of the grant application.

This DOE Grant is integrated with the direction taken in the Commonwealth of Pennsylvania led by Governor Edward G. Rendell in terms of program development and sustainability for economic development.

REMACOR processes secondary magnesium scrap using patented technology to produce a magnesium granule product that is used for hot metal desulfurization in the steel industry. The magnesium scrap is generated by the magnesium diecasting industry. The company is seeking DOE Grant funding to provide technological upgrades and expansion to their process technology. The upgrades will provide benefits in the following areas:

1. **Environmental Accountability.** The magnesium diecasting industry utilizes REMACOR to recycle their hazardous secondary magnesium scrap into a "saleable product" for use in the steel industry.
2. **Beneficial Reuse.** The diecasting industry, without REMACOR's recycling capability, would be faced with landfilling at an extremely high cost. Their scrap magnesium materials are recycled into a product used by the steel industry.
3. **Sustainability.** REMACOR provides "turnkey" accountability for the magnesium diecasting industry at a lower cost, which assists those companies in their bottom line cost for hazardous scrap disposal.

4. **Economic Development.** REMACOR plans to add 74 jobs over the next two years with the upgrade in the technology and the expansion of the production facility. The local community will also be enhanced by the benefit that the addition of 74 jobs has to the local economy.
5. **Energy Savings.** With the new technology and the production expansion to 5000 tons per year of magnesium granules, the net energy savings achieved by recovering or recycling this annual volume of magnesium is 131 million kwh or 447 billion Btu. This is equivalent to approximately \$8.5 million in electricity cost in the West Pittsburg area.

The Chinese have captured a significant portion of the 30,000 tons per year of magnesium granules used in the steel industry for hot metal desulfurization in the United States. Presently, REMACOR is the only company, in the United States, producing magnesium granules from their magnesium scrap recovery/recycling technology. This DOE Grant is critical to assist REMACOR in this technological advancement to support this industry that also helps to offset the trade deficit with China, which has resulted in a significant loss of U.S. jobs in the magnesium industry.

Should you have any further questions, please do not hesitate to contact our office.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl

Enclosure

REMACOR, INC.
UNSOLICITED PROPOSAL
FOR AN
INVENTIONS AND INNOVATION PROGRAM GRANT
U.S. DEPARTMENT OF ENERGY

A B S T R A C T

REMACOR, Inc. is a small company located in western Pennsylvania. In 1987, REMACOR developed technology to recycle hazardous oily magnesium turnings into a saleable magnesium granule product which is sold to the steel industry. The market for magnesium granules used for hot metal desulfurization in the steel industry in North America is 30,000 TPY (\$66.0 million). No other company in North America has this technology or recycling capability for certain types of magnesium waste materials.

In April of 2004, REMACOR received a United States Patent on an improved process for this recycling technology and is currently engaged in process development on the patented technology. Moreover, REMACOR is the *only* U.S. company that has the technology and production capability to process most forms of magnesium scrap waste materials. These are scrap materials that cannot be recovered through remelting by secondary magnesium smelters. Most of the materials recycled would normally have to be landfilled as hazardous waste materials.

REMACOR borrowed \$200,000 in October 2004 from MELF (Pennsylvania Department of Community and Economic Development) to install a prototype operation to develop the process parameters to recycle other types of magnesium scrap waste products through a similar system. The prototype technology has gone through vigorous testing and analyses to ensure that it will have viable commercial value while maintaining important environmental accountability features that will have an immediate impact not only the magnesium recycling industry but on energy and energy efficiency .

The process development for production rates, sizing parameters for the crushing mills, recoveries, water recirculation system parameters and production costs were all successfully completed in this prototype phase. Sufficient data from this stage of the operation has been obtained and the company now wants to install a production sized operation and complete the research and development (R&D) work on the water filtration and recycling system. This system is fairly complex as solid fines and water soluble cutting oil have to be separated and removed. The project would be part R&D work and part expansion of all the other process technology that has been developed by the company over the past two years. The estimated cost for the entire project would be approximately \$1.0 million and should take approximately two years to complete.

Several significant outcomes result from this R & D initiative. These outcomes will prove beneficial in the following ways:

Environmental Accountability. By expanding the current operations at REMACOR, new technology and production capabilities will be created to recycle large amounts of hazardous magnesium waste into magnesium granules that are used for hot metal desulfurization in the steel industry. This process has the capability of reducing landfilling of 6000-8000 tons per year of various forms of magnesium waste products by approximately 70-80%.

Beneficial reuse of the oily magnesium scrap constitutes the second significant outcome of the project. Without REMACOR's recycling capabilities, the diecasting industry would expend vast resources to landfill the hazardous material. With REMACOR's technology, high cost waste is turned into a recycled saleable product that is used in the steel industry, saving manufacturers thousands, perhaps millions of dollars annually.

Energy Saving. In this innovative recycling and reuse process, 5000 tons of magnesium granules are created per year. This equates into an annual net energy savings of approximately 131 million kwh or 447 billion Btu. This equates to nearly \$8.5 million in electricity cost in the West Pittsburg area. In short, REMACOR has developed a technology that not only drastically reduces the landfilling of hazardous magnesium waste for U.S. manufacturers but is also an extremely energy conscious industrial process.

Economic Development. Over the next two years, REMACOR's facility expansion and technology enhancement will directly translate into 74 new jobs in economically distressed Lawrence County, Pennsylvania. It is projected with this expansion and technology upgrade, REMACOR will generate \$15-\$20 million in annual sales and will dramatically offset the import of magnesium granules from China. The sale of REMACOR's magnesium granules to the steel industry in the United States helps reduce the trade deficit with China as the Chinese have captured 97% of the magnesium granule market for desulfurization in the United States.

With China cornering the market on magnesium granule production, REMACOR stands alone as the only United States company with this recovery/recycling technology that turns magnesium scrap into magnesium granules. Vital to the advancement of REMACOR's emerging technology, the Department of Energy grant will help the United States regain a share of the 30,000 tons per year magnesium granule production industry, and consequently offset of the loss of magnesium-related jobs in the United States.



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

March 15, 2006

The Honorable Gerald J. LaValle
The Senate of Pennsylvania
Senate District 47
Room 458, Capitol Building
Senate Box 203047
Harrisburg, PA 17120-3047

RE: Request for Letter of Support – Unsolicited DOE Grant Filing

Dear Mr. LaValle:

This correspondence is directed to your attention requesting a letter of support for REMACOR, INC., a company doing business in Lawrence County, West Pittsburg, PA. Please find enclosed an Abstract, which will provide you with an overview of the grant application.

This DOE Grant is integrated with the direction taken in the Commonwealth of Pennsylvania led by Governor Edward G. Rendell in terms of program development and sustainability for economic development.

REMACOR processes secondary magnesium scrap using patented technology to produce a magnesium granule product that is used for hot metal desulfurization in the steel industry. The magnesium scrap is generated by the magnesium diecasting industry. The company is seeking DOE Grant funding to provide technological upgrades and expansion to their process technology. The upgrades will provide benefits in the following areas:

1. **Environmental Accountability.** The magnesium diecasting industry utilizes REMACOR to recycle their hazardous secondary magnesium scrap into a "saleable product" for use in the steel industry.
2. **Beneficial Reuse.** The diecasting industry, without REMACOR's recycling capability, would be faced with landfilling at an extremely high cost. Their scrap magnesium materials are recycled into a product used by the steel industry.

March 15, 2006

Page 2

3. **Sustainability.** REMACOR provides "turnkey" accountability for the magnesium diecasting industry at a lower cost, which assists those companies in their bottom line cost for hazardous scrap disposal.
4. **Economic Development.** REMACOR plans to add 74 jobs over the next two years with the upgrade in the technology and the expansion of the production facility. The local community will also be enhanced by the benefit that the addition of 74 jobs has to the local economy.
5. **Energy Savings.** With the new technology and the production expansion to 5000 tons per year of magnesium granules, the net energy savings achieved by recovering or recycling this annual volume of magnesium is 131 million kwh or 447 billion Btu. This is equivalent to approximately \$8.5 million in electricity cost in the West Pittsburg area.

The Chinese have captured a significant portion of the 30,000 tons per year of magnesium granules used in the steel industry for hot metal desulfurization in the United States. Presently, REMACOR is the only company, in the United States, producing magnesium granules from their magnesium scrap recovery/recycling technology. This DOE Grant is critical to assist REMACOR in this technological advancement to support this industry that also helps to offset the trade deficit with China, which has resulted in a significant loss of U.S. jobs in the magnesium industry.

Should you have any further questions, please do not hesitate to contact our office.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl

Enclosure



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

March 15, 2006

The Honorable Frank La Grotta
House of Representatives
302 Main Capitol Building
Harrisburg, PA 17120-2020

RE: Request for Letter of Support – Unsolicited DOE Grant Filing

Dear Mr. La Grotta:

This correspondence is directed to your attention requesting a letter of support for REMACOR, INC., a company doing business in Lawrence County, West Pittsburg, PA. Please find enclosed an Abstract, which will provide you with an overview of the grant application.

This DOE Grant is integrated with the direction taken in the Commonwealth of Pennsylvania led by Governor Edward G. Rendell in terms of program development and sustainability for economic development.

REMACOR processes secondary magnesium scrap using patented technology to produce a magnesium granule product that is used for hot metal desulfurization in the steel industry. The magnesium scrap is generated by the magnesium diecasting industry. The company is seeking DOE Grant funding to provide technological upgrades and expansion to their process technology. The upgrades will provide benefits in the following areas:

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March 15, 2006

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Should you have any further questions, please do not hesitate to contact our office.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl

Enclosure



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

March 15, 2006

Deputy Secretary Eugene DePasquale
Department of Environmental Protection
Rachel Carson State Building
P.O. Box 2063
Harrisburg, PA 17105-2063

RE: Request for Letter of Support – Unsolicited DOE Grant Filing

Dear Mr. DePasquale:

This correspondence is directed to your attention requesting a letter of support for REMACOR, INC., a company doing business in Lawrence County, West Pittsburg, PA. Please find enclosed an Abstract, which will provide you with an overview of the grant application.

This DOE Grant is integrated with the direction taken in the Commonwealth of Pennsylvania led by Governor Edward G. Rendell in terms of program development and sustainability for economic development.

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March 15, 2006

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Should you have any further questions, please do not hesitate to contact our office.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl

Enclosure



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

March 15, 2006

The Honorable Melissa A. Hart (R-PA 4th)
United States Congress
Washington Office
1024 LHOB
Washington, D.C. 20515-3804

RE: Request for Letter of Support – Unsolicited DOE Grant Filing

Dear Ms. Hart:

This correspondence is directed to your attention requesting a letter of support for REMACOR, INC., a company doing business in Lawrence County, West Pittsburg, PA. Please find enclosed an Abstract, which will provide you with an overview of the grant application.

This DOE Grant is integrated with the direction taken in the Commonwealth of Pennsylvania led by Governor Edward G. Rendell in terms of program development and sustainability for economic development.

REMACOR processes secondary magnesium scrap using patented technology to produce a magnesium granule product that is used for hot metal desulfurization in the steel industry. The magnesium scrap is generated by the magnesium diecasting industry. The company is seeking DOE Grant funding to provide technological upgrades and expansion to their process technology. The upgrades will provide benefits in the following areas:

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March 15, 2006

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Should you have any further questions, please do not hesitate to contact our office.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl

Enclosure



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

March 15, 2006

The Honorable Rick Santorum
United States Senate
Senate Republican Conference Chair
Washington Office
SD-511
Washington, D.C. 20510-3804

RE: Request for Letter of Support – Unsolicited DOE Grant Filing

Dear Senator Santorum:

This correspondence is directed to your attention requesting a letter of support for REMACOR, INC., a company doing business in Lawrence County, West Pittsburg, PA. Please find enclosed an Abstract, which will provide you with an overview of the grant application.

This DOE Grant is integrated with the direction taken in the Commonwealth of Pennsylvania led by Governor Edward G. Rendell in terms of program development and sustainability for economic development.

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March 15, 2006

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Should you have any further questions, please do not hesitate to contact our office.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl

Enclosure



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

March 15, 2006

The Honorable Edward G. Rendell
The Governor of Pennsylvania
Commonwealth of Pennsylvania
225 Main Capitol Building
Harrisburg, PA 17120

RE: Request for Letter of Support – Unsolicited DOE Grant Filing

Dear Governor Rendell:

This correspondence is directed to your attention requesting a letter of support for REMACOR, INC., a company doing business in Lawrence County, West Pittsburg, PA. Please find enclosed an Abstract, which will provide you with an overview of the grant application.

This DOE Grant is integrated with the direction taken in the Commonwealth of Pennsylvania led by Governor Edward G. Rendell in terms of program development and sustainability for economic development.

REMACOR processes secondary magnesium scrap using patented technology to produce a magnesium granule product that is used for hot metal desulfurization in the steel industry. The magnesium scrap is generated by the magnesium diecasting industry. The company is seeking DOE Grant funding to provide technological upgrades and expansion to their process technology. The upgrades will provide benefits in the following areas:

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Should you have any further questions, please do not hesitate to contact our office.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl

Enclosure

**LUNT MATERIAL
JANUARY 2005 - MARCH 2006**

	<u>Gross</u>	<u>Net</u>	<u>Invoice Amount</u>
January 05	0	0	\$0.00
February	0	0	\$0.00
March	42,538	33,298	\$0.00
April	0	0	\$0.00
May	41,757	32,517	\$0.00
June	0	0	\$0.00
July	38,240	29,420	\$2,942.00
August	0	0	\$0.00
September	0	0	\$0.00
October	39,082	29,842	\$2,984.20
November	0	0	\$0.00
December	35,657	26,637	\$2,663.70
January 06	0	0	\$0.00
February	34,221	23,561	\$2,356.10
March	<u>0</u>	<u>0</u>	<u>\$0.00</u>
		0	
	231,495	175,275	\$10,946.00

03.14.06

TO: R. Lutton
Copy to: C. Willison
FROM: J. Jackman
DATE: 3/14/06

Attached is information regarding Free Training and a Job Creation Tax Credit I requested from the LCEDC. Please get the necessary info and applications so that when we start in May, we will be prepared and able to capitalize on these opportunities.

There may be other tax benefits or credits we can secure by creating 35-70 jobs, constructing two manufacturing buildings and installing \$750,000 of equipment. Please see what programs we can take advantage of.

JRJ/mjl

JRJ



Office of the President

VIA UPS OVERNIGHT MAIL

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

March 14, 2006

Mr. John D. Kline
Senior Vice President
First National Bank
Commercial Lending
One F.N.B. Blvd. - 5th Floor
Hermitage, PA 16148

RE: Opening Balance Sheet

Dear John:

As we discussed last week, we have prepared a Proforma Balance Sheet that reflects our current situation plus the infusion of the \$400,000 of equity/subordinated debt to be used for working capital, the \$1.0 million SBA 504 equipment loan and the reduction of the Sky Bank debt after the receipt of the insurance proceeds. As you know, the 504 program is 50% private lender, 40% SBA and 10% equity/company. This is spelled out in the attached Footnotes and Debt Schedule.

I have also included support letters from Hart Metals and Rossborough (Magnesium Technologies Corporation). Sales are not a problem. The price from China is beginning to increase and we can sell every pound we can produce to the domestic market. The market has never been a problem, as you know.

Additionally, I am including correspondence regarding our progress on the \$1.0 million DOE Grant. Bob Meneses, from the Pennsylvania Recycling Market Center, is very optimistic regarding our chances of securing an unsolicited DOE Grant. We have hired a professional grant writer from the University of Illinois and will be submitting our Abstract Proposal within several weeks. The timeline for the grant, if we are successful, is probably six to twelve months.

If you need any additional information, please give me a call.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

March 8, 2006

Mr. Dan Sullivan
Loan Officer
CL Fund
1920 Gulf Tower
707 Grant Street
Pittsburgh, PA 15219

RE: Magnesium Scrap Classifications

Dear Dan:

I thought you might find the enclosed report on the Acquisition of Magnesium Powder Production Capability that I submitted to the Reactive Metals & Alloys Corporation (Remacor) board of directors in October 1982 recommending the purchase of Reade Manufacturing Company.

We had just received a patent in 1980 for the reagent composition used in the desulfurization of steels and our business was booming. We were selling 1,314,000 pounds of reagent per month containing 30% magnesium powder and had approximately 75% of the North American market. At that time, we were purchasing our magnesium powder from Reade Manufacturing Company in Lakehurst, NJ.

I thought it was imperative that we acquire magnesium powder/granule production capability because of the potential growth in that area. In that report, I had forecasted that the market would grow to 54,000,000 million pounds per year over a five-year period. The North American market today consumes roughly 30,000 TPY or 60,000,000 pounds. I was very accurate in my forecast. Keep in mind; this was not a developed market. We had to run trials at each steelmaking plant to demonstrate the cost effectiveness of this technology. This was done plant-by-plant over a five-year period. The market for magnesium granules in North America is now a fully developed and mature market.

As you know, we did acquire Reade Manufacturing Company in 1983 for \$5.0 million, developed grinding technology for the Types 1A and 1B and 2 magnesium scrap in 1984/85. (See attached Magnesium Scrap Classifications.) We then sold Reade to MEL (Alcan) in 1990

Mr. Dan Sullivan
March 8, 2006
Page 2

for \$22.0 million. MEL wanted the grinding technology and the market share of magnesium granules Remacor had at that time.

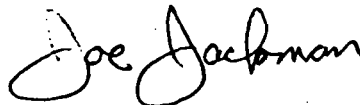
My purpose in sending you this old internal report is to highlight the fact that 20 years ago, we had to not only develop the grinding technology for the easy-to-do types of magnesium scrap; we also had to compete with calcium carbide as a desulfurizer and develop the market for magnesium granules. That market is now mature and fully developed.

We have taken the technologies and experience developed over the years from processing the types 1A, 1B, 2, 3, 5A and 5B magnesium scrap and developed the patented technology to process the most difficult type 4 oily, wet, solid magnesium scrap. We can produce a product. The market is fully developed. Our cost is roughly \$0.30-\$0.40/lb of material. The competition's (Chinese) selling price is \$0.90 - \$1.00 and increasing.

Remacor's challenge is to get the plant built and operational. We will sell every pound we can produce. The first phase expansion of \$1.0 million will get us to 2500 TPY. That represents about 8% of the North American market. The growth potential in the next three-four years can easily get us to \$15 - \$25 million in very profitable sales.

Sincerely,

REMACOR, INC.

A handwritten signature in black ink that reads "Joe Jackman". The signature is fluid and cursive, with the first name "Joe" and last name "Jackman" clearly distinguishable.

Joseph R. Jackman
President

JRJ/mjl

BCC: CW
MJL**Joseph R. Jackman***also e-mailed separately to Dr. Huber
mailed to Tom Logan (no e-mail
address)*

From: "Joseph R. Jackman" <remacor@icubed.com>
To: "Gary E. Linsted" <meemeelin@aol.com>; "Howard E. Campbell" <camp4016@aol.com>; "Alexander L. Rhomberg" <damoiseau.rhomberg@magnet.at>; "James Rich" <swimjr@earthlink.net>; "Ray Hollis" <Hollis252@bigpond.com>; "Brian O'Donnell" <bodonnell@bigpond.au>
Sent: Monday, March 06, 2006 11:24 AM
Subject: Update on Activities

1. CASH FLOW

We have been averaging \$11,408 per week in sales since January 1. This is from fees we charge on incoming scrap, misc. equipment sales and the sales of solid scrap we salvage from the incoming materials. We have been able to meet most of our critical expenses. We only have four full-time and three part-time employees at the present time. We are trying to keep interest payments current with our lenders. With the funds we should receive from Lloyds from the cleanup provision, we should be able to maintain our operating level until May 1. Hopefully, we will be successful in securing the \$500,000 equity in the next 30-60 days so that the May 1 start date for our rebuilding project will be achievable.

2. INSURANCE CLAIM SETTLED

We have received word from Lloyds that they will pay the claim in full for the personal property, which was \$625,000. There is an additional 25% cleanup provision of \$166,000, which they are handling separately and have not made any commitment on payment as of this date. I am pressing our law firm to pursue the cleanup provision very aggressively. We do not know at this time how much we can get from Sky towards the cleanup provision.

3. EQUITY INVESTORS FOR \$500,000

In my January 24 report to everyone, I mentioned the interest of four potential investors. As of this date, all four are continuing evaluation and are still requesting information on various items. On Friday, March 3, I received word from the CL Fund from Pittsburgh that the managing director and the vice president and loan officer are going to present our project to their board of directors for approval on March 15. They are recommending \$400,000 in the form of subordinated debt combined with a \$1.0 million SBA 504 equipment and building loan. At this point, they have not revealed the requirements for the \$400,000. There most probably will be warrants tied to equity. If you would like to get more info on the CL Fund, go to www.clfund.com.

4. SCHEDULED START OF CONSTRUCTION MAY 1

Based on our progress with all the potential investors, I feel a May 1 start on rebuilding is realistic. We have made this somewhat of a critical timeline with the investor group. The reason for the May 1 start date is that, to complete the \$1.0 million 1st Phase construction, it will take approximately five months. This would take us to a October/November completion date. Initial production and sales should begin roughly seven weeks after construction starts or around June 17-23.

5. FEDERAL GRANT APPLICATION PROGRESS

We have hired a professional grant writer with the assistance of Bob Meneses of PARMC and have a meeting scheduled on March 7 in Pittsburgh. This process is moving along very quickly. The funds from this grant, if we are successful, have not been factored into our cash requirements for working capital or capital costs. If we are successful, it will be a nice windfall.

3/6/2006

Sincerely,
Joseph R. Jackman
President
Remacor, Inc.
P.O. Box 366, Route 168
West Pittsburg, PA 16160
Phone: 724-535-4357
Fax: 724-535-7761

3/6/2006

Joseph R. Jackman

From: "Joseph R. Jackman" <remacor@icubed.com>
To: <aaronel@adelphia.net>
Sent: Monday, March 06, 2006 12:42 PM
Subject: Fw: Update on Activities

— Original Message —

From: Joseph R. Jackman
To: Gary E. Linsted ; Howard E. Campbell ; Alexander L. Rhomberg ; James Rich ; Ray Hollis ; Brian O'Donnell
Sent: Monday, March 06, 2006 11:24 AM
Subject: Update on Activities

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5. FEDERAL GRANT APPLICATION PROGRESS

3/6/2006

We have hired a professional grant writer with the assistance of Bob Meneses of PARMC and have a meeting scheduled on March 7 in Pittsburgh. This process is moving along very quickly. The funds from this grant, if we are successful, have not been factored into our cash requirements for working capital or capital costs. If we are successful, it will be a nice windfall.

Sincerely,
Joseph R. Jackman
President
Remacor, Inc.
P.O. Box 366, Route 168
West Pittsburg, PA 16160
Phone: 724-535-4357
Fax: 724-535-7761

3/6/2006

Joseph R. Jackman

From: "Joseph R. Jackman" <remacor@icubed.com>
To: "Thomas H. Logan" <dsalembanking@neo.rr.com>
Sent: Tuesday, March 07, 2006 8:48 AM
Subject: Fw: Update on Activities

— Original Message —

From: Joseph R. Jackman
To: Gary E. Linsted ; Howard E. Campbell ; Alexander L. Rhomberg ; James Rich ; Ray Hollis ; Brian O'Donnell
Sent: Monday, March 06, 2006 11:24 AM
Subject: Update on Activities

1. CASH FLOW

We have been averaging \$11,408 per week in sales since January 1. This is from fees we charge on incoming scrap, misc. equipment sales and the sales of solid scrap we salvage from the incoming materials. We have been able to meet most of our critical expenses. We only have four full-time and three part-time employees at the present time. We are trying to keep interest payments current with our lenders. With the funds we should receive from Lloyds from the cleanup provision, we should be able to maintain our operating level until May 1. Hopefully, we will be successful in securing the \$500,000 equity in the next 30-60 days so that the May 1 start date for our rebuilding project will be achievable.

2. INSURANCE CLAIM SETTLED

We have received word from Lloyds that they will pay the claim in full for the personal property, which was \$625,000. There is an additional 25% cleanup provision of \$166,000, which they are handling separately and have not made any commitment on payment as of this date. I am pressing our law firm to pursue the cleanup provision very aggressively. We do not know at this time how much we can get from Sky towards the cleanup provision.

3. EQUITY INVESTORS FOR \$500,000

In my January 24 report to everyone, I mentioned the interest of four potential investors. As of this date, all four are continuing evaluation and are still requesting information on various items. On Friday, March 3, I received word from the CL Fund from Pittsburgh that the managing director and the vice president and loan officer are going to present our project to their board of directors for approval on March 15. They are recommending \$400,000 in the form of subordinated debt combined with a \$1.0 million SBA 504 equipment and building loan. At this point, they have not revealed the requirements for the \$400,000. There most probably will be warrants tied to equity. If you would like to get more info on the CL Fund, go to www.clfund.com.

4. SCHEDULED START OF CONSTRUCTION MAY 1

Based on our progress with all the potential investors, I feel a May 1 start on rebuilding is realistic. We have made this somewhat of a critical timeline with the investor group. The reason for the May 1 start date is that, to complete the \$1.0 million 1st Phase construction, it will take approximately five months. This would take us to a October/November completion date. Initial production and sales should begin roughly seven weeks after construction starts or around June 17-23.

5. FEDERAL GRANT APPLICATION PROGRESS

3/7/2006

We have hired a professional grant writer with the assistance of Bob Meneses of PARMC and have a meeting scheduled on March 7 in Pittsburgh. This process is moving along very quickly. The funds from this grant, if we are successful, have not been factored into our cash requirements for working capital or capital costs. If we are successful, it will be a nice windfall.

Sincerely,
Joseph R. Jackman
President
Remacor, Inc.
P.O. Box 366, Route 168
West Pittsburg, PA 16160
Phone: 724-535-4357
Fax: 724-535-7761

3/7/2006



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

TO: Bruce G. Heary, Esq.
Spieth, Bell, McCurdy & Newell Co., LPA

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 3/6/06

Bruce, per our discussion this morning, attached are the originals of the Agreement between Remacor, Inc. and the I.A.M. National Pension Fund, the Consent Decree (I.A.M. National Pension Fund versus Remacor, Inc.) and a copy of the two checks payable to District 98 IAMAW.

These are the only original documents I had. I never received any completely executed documents.

Sincerely,

JRJ/mjl

Attachments



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

March 6, 2006

Mr. John D. Kline
Senior Vice President
First National Bank
Commercial Lending
One F.N.B. Blvd. - 5th Floor
Hermitage, PA 16148

BCC: CW

RE: Banking Relationship

Dear John:

Lloyds of London has finally agreed to pay the personal property claim of \$625,000 in full. An advance of \$200,000 was paid in September. The balance should be paid this week. They are now addressing the 25% cleanup provision that will result in another \$166,000. This may take another couple of weeks. Sky Bank is obviously very happy and has been cooperating with us regarding our effort to keep the operation going until the refinancing can be put into place.

We presently have four potential equity investors evaluating an investment of \$500,000 in Remacor, Inc. Last Friday, we received word from the CL Fund of Pittsburgh that on March 15, the managing director and the vice president and loan officer are going to recommend to their board of directors that they approve the Remacor project for \$400,000 in subordinated debt and the immediate application of a \$1.0 million building and equipment loan through the SBA 504 Program. The SBA 504 Program requires a commitment letter from the borrower's bank for a 50% participation. The company will use \$100,000 of the \$400,000 as our 10% requirement on the SBA loan and the other \$300,000 for working capital.

I have discussed this situation with Paul DeArment to see if Sky Bank wanted to continue with Remacor, Inc. and participate in the SBA loan. He indicated that Sky Bank did not want to participate in this program. This means we must seek a banking relationship elsewhere. Therefore, we would like to know if First National Bank would like to consider discussing this transaction with us.

Mr. John D. Kline
March 6, 2006
Page 2

I am enclosing our financial statements for our fiscal year ending June 30, 2005 and our seven-month statement ending January 31, 2006.

Please let me know if FNB would be interested in the Remacor, Inc. account.

Sincerely,

REMACOR, INC.

A handwritten signature in black ink, appearing to read "Joe Jackman". The signature is fluid and cursive, with the first name "Joe" and last name "Jackman" clearly distinguishable.

Joseph R. Jackman
President

JRJ/mjl

Enclosures

February 14, 2006 Letter to Paul DeArment
Remacor, Inc. Financial Statement for Fiscal Year Ending 6/30/2005
Remacor, Inc. Financial Statement for the Seven Months Ending January 31, 2006
Information on CL Fund from Internet



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

March 3, 2006

Radu Lungu
1856 Wampum Drive
Youngstown, Ohio 44511

RE: Technical Writeup of the OMS Crushing System

Dear Radu:

You did an outstanding job on the technical writeup of our process. The flow sheet puts everything together. I made some minor modifications and changed some of the wording. As you can see, I went to a single primary crusher and two secondary crushers. On the two secondary crushers, I changed to a common Settling Tank System. I believe this will not affect our operation in terms of productivity and obviously will require less equipment. This data will be submitted to our grant writer next Tuesday. I'll be meeting with him and a gentleman from the Pennsylvania Recycling Market Center who is pushing for our grant.

Tom and Jack are going to put together an estimated cost for the entire system in a new heated 80' x 120' steel building!! This will not be part of our 1st phase \$1.5 million expansion. If everything goes well on the 1st phase, we will start the 2nd phase next year.

The \$1.5 million financing should be in place and approved by April 1. The Department of Energy grant at \$500,000 looks very good but will require 6 to 12 months. We might be able to cut that time. We are looking for start time on construction of May 1. Once the financing is approved, I will give you a call and we can talk.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

CC: T. J. Matesic
J. L. Lingenfelter

REMACOR, INC.

Process for Reclamation of Metallic Magnesium from Oily Secondary Magnesium Scrap (OMS)

by Radu Lungu, Vice President of Technology

1. Purpose

The following is a description of the processes involved in the reclamation of secondary metallic magnesium from oily secondary magnesium scrap (OMS). The main finished products of the process are metallic magnesium granules and heavy magnesium scrap. The magnesium granules produced are used in the desulphurization of hot metal in the steel industry while the heavy magnesium scrap is sold to smelters and is remelted into secondary ingots. This process offers a method of recycling these materials that are usually considered wastes and pose challenging environmental and safety problems.

2. Raw Materials

Raw materials used in this process are waste streams from the magnesium diecasting industry. The raw material characteristics are dependent on the different processes from which they have been derived as well as the type of magnesium alloy used. Typical composition for the raw materials varies over a wide range:

- Metallic magnesium alloy, (more than 30%)
- Magnesium oxide and other oxides of the alloying elements (aluminum, zinc and manganese are the typical alloying elements, less than 60%)
- Fluxes (less than 5%) contained include halides and carbonates of alkaline and alkaline earth elements (Na, K, Ca, Mg).
- Oils and grease (less than 2%)
- Other contaminants including sand, steel, brass, plastics, wood chips etc.

Depending on the source and type of scrap, the waste materials have the physical aspect of clusters of metallic alloys of different sizes covered with oxides fluxes and other

contaminants. The sizes of the metallic magnesium present in the waste materials range from fractions of an inch to heavy solid metallic magnesium pieces several feet long.

3. Process description

Metallic magnesium alloy represents the valuable component in the waste materials. Depending on the source of scrap and its characteristics the waste material follows a process to reclaim most of the metallic magnesium alloy present through a series of steps consisting of sorting, dry and wet screening, crushing, washing, drying and grinding. This process is shown on the attached flow sheet.

3.1 Preprocessing – Screening and Sorting

The waste or raw materials are received in different forms depending on their classification in bulk dump truck, steel drums, disposable containers such as plastic bags and cardboard boxes. Received materials are presorted based on their classification and then segregated and stored for future processing based on their compatibility and metal content.

All dry materials are first screened to increase their metallic magnesium content and remove excessive oxides, dross, flux and other nonmetallic materials. Materials are then fed to a feed hopper with a frontend loader. The feed hopper is placed directly over a belt feeder that conveys the material under a high energy magnet. The material, after passing under the magnet, then feeds into the rotating screen. The rotating screen has two screening sections. First section has a screen with ¼" openings and the second section has a screen with 4" openings. As material flows from the feed end of the rotating screen to the discharge end, there are three fractions of material that are collected:

- Material smaller than ¼" is collected in metal hoppers for further processing or disposal depending on the metallic content. Additional processing includes dry screening/crushing. Typically, fractions collected are the ¼" by 8 mesh fraction that is fed to a wash process and the fraction below 8 mesh, that has a metallic magnesium

content of below 10%, is considered a waste and has to be landfilled. This fraction is rich in oxides and fluxes. Further investigation is being considered to convert these materials, which are high in magnesium oxide, into a saleable fertilizer.

- Material sized 4" by 1/4" is fed directly to the primary wet crushing process or stored for further processing. This material consists mainly of thin flashings or small solid pieces of Mg scrap below 4".
- Material larger than 4" is collected and stored for further processing. This material mainly consists of large flashings and large heavy solid pieces of sprue or rejected castings. This material is manually sorted into two classes. Class A scrap (clean, dross free heavy pieces of magnesium scrap) and Class B scrap, which is clean spills and large heavy flashings.
 - Class A and B scrap are sold to smelters for remelting.
 - The large flashings can be further processed through the wet crushing operation.
 - Heavy dross contains large lumps/clusters of oxides/fluxes and some metallic magnesium. This fraction is usually considered a waste. Depending on the magnesium content further processing could be possible.

3.2 Primary Wet Crushing

The primary wet crushing process consists of a large hammer mill which reduces the size of the magnesium flashings and large solid pieces. This process occurs in the hammer mill under a continuous water flow. The purpose of the water is to ensure enough cooling of the material being crushed to prevent fires. At the same time the presence of water helps in cleaning most of the contaminants from the magnesium pieces including oil, grease and soluble inorganic substances like those present in the fluxes. Final reduction of the oils and grease to levels below 1% is necessary for the subsequent grinding processes when material is processed into granules. Material containing more than 1.0% oil will stick to the walls of the ductwork and mills, which will eventually cause fires. The oil content also affects the flowability characteristics of the granules. The system consists of one primary hammer mill and two secondary hammer mills. In addition, the system uses other auxiliary equipment

(can be independent or common to the individual lines) such as material feeding system (feed belts, augers, vibratory feeders, etc), water recirculating system (tanks, decanters, pumps, etc.), separation screens, washing tanks and safety equipment.

Material that has been preprocessed as described in Section 3.1 above is fed directly into a feed bin with a vibratory feeder that controls the amount of material fed into the first hammer mill. A belt conveyor moves the material under a second powerful magnet located just before the first hammer mill. Further magnetic material is removed at this stage. The primary hammer mill produces material 1" by down. The speed of the belt is automatically controlled such that the mill will not be overloaded. Water from a storage tank is pumped continuously into the top of the hammer mill at a rate that is controlled with valves. Material crushed in the primary hammer mill is discharged through a chute on to a double deck wet screen:

- The top fraction collected, 1 inch by 3/8 inch, is carried by a belt conveyor under another magnet into a secondary wet hammer mill that produces material 3/8 inch by 60 mesh.
- The middle fraction screened from the primary hammer mill is 3/8 inch by 10 mesh and is transferred directly to a wash tank where an alkaline solution of detergents is used for quenching the reaction between the fluxes and magnesium particles as well as removing the residual oil and contaminants that may have been carried on the material. The washed material is discharged to a wet screen to remove excess water and then the material is sent for drying to a continuous dryer. The water from the screener is then recycled to the wash tank. The dryer could be placed in line with the crushing system or be part of a separate operation. The dried material is then further ground into a granule of specified particle size using series of hammer mills and screens in another separate operation. The grinding process is done under nitrogen or argon at various stages of the grinding process.
- The water in the recycling tank from the wet screening process consists of the water used for crushing and contains all of the contaminants such as fluxes, oils, magnesium oxide, some metallic magnesium, sand and other insoluble contaminants. This water is recycled into the process after it passes through a settling tank (settling/skimming

system) where gravimetric separation of insoluble materials and oils occurs. An optional mix tank can be placed in front of the settling/skimmming system where chemical addition can be made (flocculent and other chemicals to regulate composition of water). Periodic elimination of the sludge and skimmed oils is required in the continuous operation of the water recirculating system. Water from the settling/skimmming system is transferred to a holding tank that can be kept at constant level to ensure the necessary water flow to the mills. Fresh makeup water is provided into this tank and into the mills through separate lines when flow switches in the recirculating system indicate low flow.

- The waste water produced in the system can be disposed of through a waste water reclamation company, treated internally and reused in the system or discharged into the sewer system providing there are acceptable levels of contaminants.
- The skimmed oil constitutes a waste that is disposed off site.
- The sludge collected is also disposed off site.

3.3 Secondary Wet Crushing

The top fraction screened after the primary hammer mill (see above) is then wet crushed by a second hammer mill. In this mill material is further reduced to below 3/8 inch. Material from this second mill is discharged through a chute onto a wet screen. Material collected is minus 3/8" x 60 mesh and is sent to the drying operation as described above. As can be seen from the flow sheet, the primary crusher feeds two secondary crushers.

The water system necessary for the second hammer mill system is provided by a separate settling/skimmming system but similar to the one described above for the primary crusher. It is expected that material collected after the second crusher is clean of contaminants (oils, fluxes, foreign materials) to a level acceptable for the next steps of the process such as drying and further grinding to a finished granule product.

Safety features of the system include automatic control of the feed to the mills to eliminate

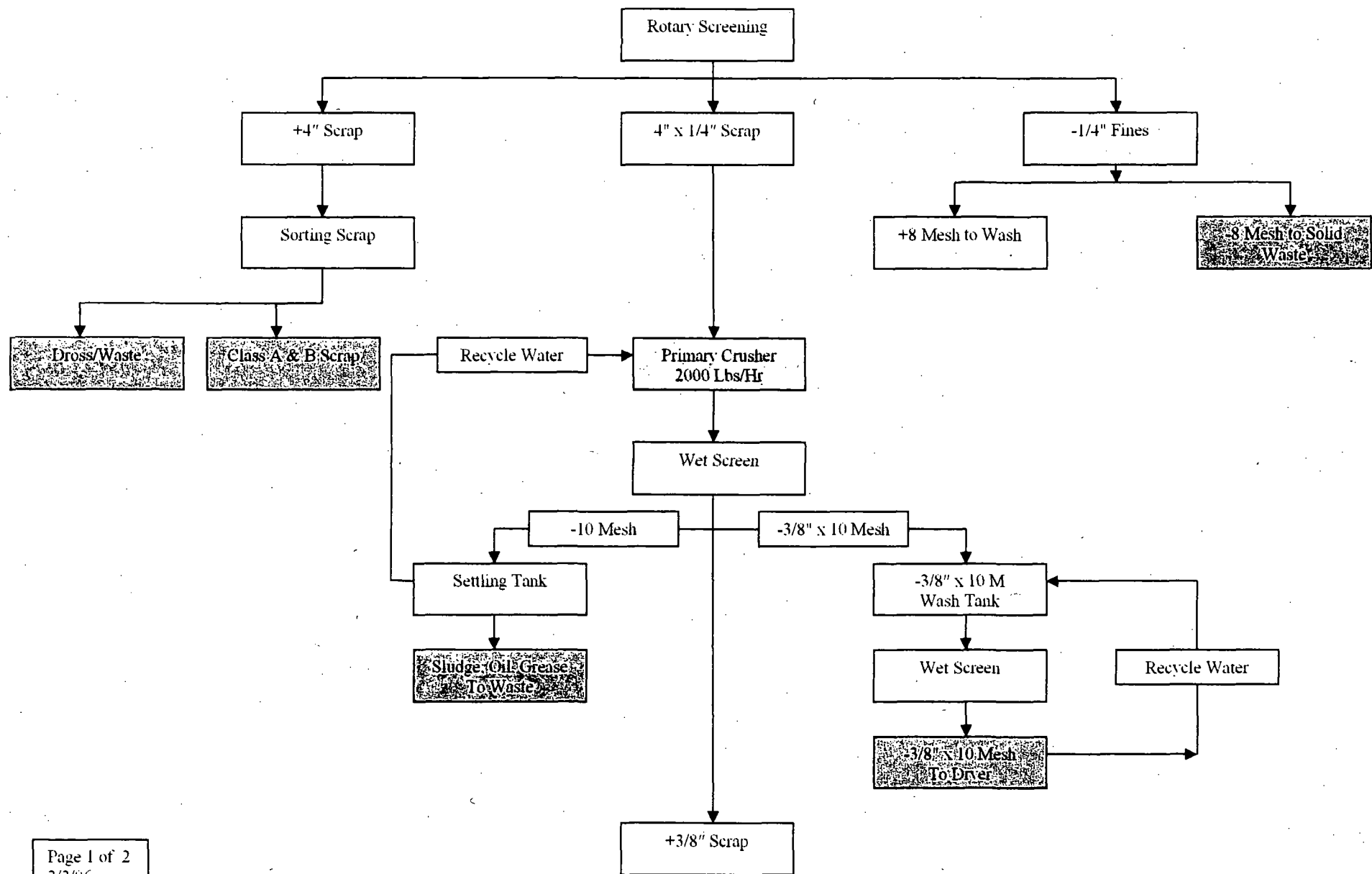
overloading. Continuous water flows to the mills through the addition of fresh makeup water in the system whenever the water flow is reduced below a safe level in the storage tanks. The buildings need to be well ventilated to ensure that hydrogen does not build up to unsafe levels. Hydrogen is generated during the crushing process as the magnesium alloy reacts with water. This reaction occurs at a much higher rate with the use of hot water and especially in the presence of chlorides that are always present in the fluxes. The reaction rate also increases with the increase in the surface area of the particles of metallic magnesium. The reaction rate is much higher as the particles get smaller and more surface area is generated. The reaction rate generating hydrogen is reduced by ensuring enough water during the crushing process. Also chemical additions of alkaline carbonates to the recycled/wash water convert the more aggressive calcium/magnesium chlorides into less aggressive sodium chloride and precipitation of alkaline earth carbonates. Also treatment of the freshly crushed magnesium particles with dilute solutions of chromate passivates the surface of the metal and greatly reduces the reaction with water. The level of hydrogen is continuously monitored by sensors.

Some specific parameters based on results from the prototype operation of last year:

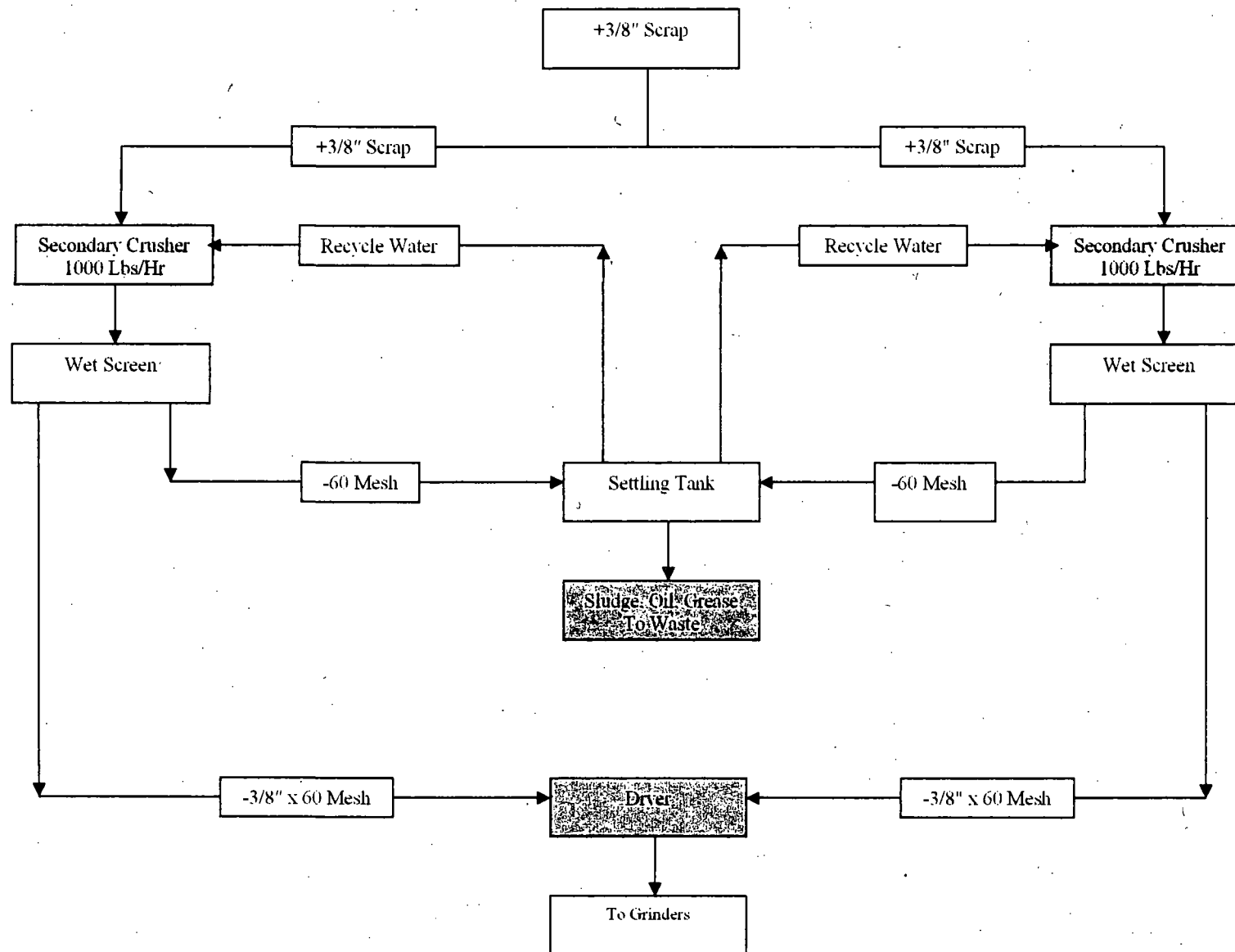
- Typical production for prescreening of scrap 1500 to 2000lb/hour
- Typical hourly production on one line (two mills in series): 600-800lb/hour. For example to achieve a production of 2000lb/hour a larger hammer mill would be necessary or two large secondary hammer mills.
- Water flow rate to each of the mills: 20 to 50gal/min.
- Variation and control of the screening processes is possible so as to optimize the amount of material collected.

See the attached Flow Sheet for the entire process on the following pages.

FLOW CHART **CRUSHING AND WASH SYSTEM FOR OILY MAGNESIUM SCRAP**



FLOW CHART
CRUSHING AND WASH SYSTEM FOR OILY MAGNESIUM SCRAP (Continued)





Fifteen Club Drive
New Castle,
Pennsylvania 16105

March 2, 2006

Ms. Marilyn Cookson
Community Banking Manager
First Merit Bank
25 North Mill Street
New Castle, PA 16101

RE: Property Taxes for 2006

Dear Marilyn:

Enclosed are my property tax statements for 2006 just received from Gary Felasco's office. I am also enclosing a list of the checks that I sent directly to Felasco several years ago. All the checks were made out to "Gary F. Felasco-Treasurer Lawrence Co." Would you please check the bank's records to see if the bank might have also paid the property taxes for these same periods?

Please let me know. This has been bothering me since I sent you the 2005 statements last year.

Sincerely,

Joseph R. Jackman

JRJ/mjl

Enclosures



P.O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

STRATEGY FOR ACQUIRING WEST PITTSBURG PROPERTY

The following is a procedure by which the West Pittsburg property presently abandoned by the Estate of Reactive Metals & Alloys Corporation can be secured by Remacor, Inc. at a minimum cost that eliminates any potential environmental remediation liability that would be prohibitive.

Barry J. Trilling, an attorney from Wiggin and Dana LLP of Stamford, Connecticut, specializes in environmental law and specifically the redevelopment of brownfield sites. Barry has worked with the Lawrence County Economic Development Corporation on several successful brownfield site redevelopments in the New Castle area. His contact information is:

Barry J. Trilling, Esq.
Wiggin and Dana LLP
400 Atlantic Street
P.O. Box 110325
Stamford, CT 06911-0325
Telephone: 203-363-7670
Fax: 203-363-7676
E-Mail: btrilling@wiggin.com
Web Site: www.wigginENVIRONMENTAL.COM

SUMMARY OF PROPOSAL

1. Lawrence County would acquire the RMA property by tax foreclosure and then transfer the entire 40-acre parcel to LCEDC.
2. LCEDC or the County would conduct a Phase II environmental site assessment on the entire parcel, paid for by RI except to the extent that the County or LCEDC could obtain state or federal grant funds to do so.
3. Unless the Phase II assessment disclosed the existence of contamination which would render it logistically or financially unworkable for RI to make needed improvements at its current location, LCEDC would transfer to RI the 17 acres on which RI now conducts its operations and LCEDC would retain the remaining 23 acres for its own purposes.
4. As a result of these transactions, LCEDC would acquire, without any out-of-pocket expenditures, 23 acres of riverfront, rail-accessible property that is ripe for development.
5. Further, RI would continue to promote the Lawrence County economy and increase the local tax base by completing an estimated \$2.5 million in improvements to meet its production demands, doubling its West Pittsburg-based workforce from 35 to 70 workers in about two years, and decline the opportunity to move its production operations to Ohio.

Introduction

Remacor, Inc. has developed and patented a process for converting magnesium scrap into magnesium powder and granules, which it sells to the steel industry for use as a desulfurization agent. The primary supplier of magnesium powder and granules other than RI is the People's Republic of China. As the only United States producer of magnesium granules for hot metal desulfurization, RI has experienced increased demand for its product, which requires it to increase its production capacity. RI's production facilities occupy about 17 acres of a 40-acre tract in West Pittsburg. As currently configured, these facilities do not provide the company the ability to adequately meet its production demands. Reconfiguring RI's West Pittsburg operations and installing the additional needed production facilities would enable RI to continue to prosper and grow. This growth would result in doubling the company's current workforce to 70 or more employees.

Background

RI, a Pennsylvania corporation, was incorporated in May 2002. RI began operations March 1, 2003, continuing without interruptions the operations of the West Pittsburg facility of Reactive Metals and Alloys Corporation. RMA (sometimes also known as Remacor) had conducted its business at the West Pittsburg site for more than 28 years.

RMA grew from \$1.0 million in sales with 25 employees in 1975 to over \$50.0 million in sales and 200 employees by 1982, producing metallurgical additives for ingot additions in the steel industry. From 1982 through 1990, the steel industry transitioned from ingot cast to continuous cast steelmaking, thereby forcing RMA to dramatically change its product line and to expand and modify its production facility at great expense. This modification entailed an extremely expensive transition from products for ingot mold additions to hot metal desulfurization for the continuous caster. This radical and expensive change in product and service to a struggling and declining steel industry compelled RMA to merge with its competitor, Rossborough Manufacturing Company ("RMC"), of Cleveland, Ohio in 2001. As a condition of the merger, RMA filed a Chapter 11 bankruptcy to eliminate the burdensome debt incurred in making the transition into the hot metal desulfurization business. A new entity, "Rossborough-Remacor, LLC" ("RR") was organized for the purpose of acquiring the assets of both RMC and RMA. When RMA filed its Chapter 11 petition with the Bankruptcy Court on March 7, 2001, it also filed a motion requesting the Court to authorize sale of its operating assets other than the West Pittsburg real estate to RR. That asset sale closed on July 31, 2001 and under the sales agreement, in exchange for the sale of assets to RR, RMA received \$200,000 in cash from RR and a subordinated note for \$3,800,000, which was later adjusted to \$3,200,000 as a result of the non-transfer of certain real estate. In addition, RR agreed to make twenty-four monthly interest-only payments of \$16,166 to RMA. The RMA Plan also required RR to make quarterly principal payments in the amount of \$266,666.67 beginning August 1, 2003, plus interest at the rate of 10% per annum on the unpaid principal balance. The estate of RMA also received a 40% interest in RR as additional consideration for the sale of its assets. RMA then in August 2001 entered into an exclusive supply agreement with RR for the manufacture and supply of magnesium powder and granules.

The RMA Plan also created a Liquidation Trust. Upon confirmation, all the cash and other property of the RMA estate (including the receivable from RMA and the equity interest in RR referred to above, but excluding the West Pittsburg property) were transferred to the Liquidation Trust. The reorganized RMA continued to operate as a captive production facility for the sole purpose of supplying RR with magnesium granules used for hot metal desulfurization pursuant to the exclusive supply agreement. The only asset of the reorganized RMA consists of the West Pittsburg real estate.

The RMA Plan called for the Board of Directors of RMA to be reconstituted and to consist of three members, approved by both RMA and the Creditors' Committee. It also called for the Liquidation Trustee to become the Chief Executive Officer (CEO) of RMA, with Charles Willison to serve as Secretary and Chief Financial Officer (CFO) of RMA. Although RMA continued to fulfill its supply contract obligations to RR, RMA's Board of Directors never was reconstituted and the Liquidation Trustee did not become the CEO. Pennsylvania law did not require RMA to prepare or submit to Pennsylvania state authorities any new or amended papers reflecting its reorganized structure, and it did not do so.

Meanwhile, the recent bankruptcy filings of many U.S. steel producers had reduced RR's income by more than \$5.5 million during the three years ending in June 2003. As a result, RR filed a Chapter 11 bankruptcy in Ohio in 2003. Although the RR bankruptcy brought a practical end to the exclusive RMA supply agreement with RR, the RMA facility remained capable of

continuing operations. This gave RI the opportunity to purchase the manufacturing equipment and technology for the production of magnesium granules from the bankruptcy estate of RR and to save the 35 jobs at the West Pittsburg plant. Although the new RI shares the “Remacor” name with its predecessor entities, it does not carry the burden of the former companies’ debts. RI does, however, continue (as explained in more detail below) to meet the environmental obligations that accompany operating a facility at the site.

On October 31, 2003, under a Bankruptcy Code Section 363 sale, RI purchased RR’s equipment and technology for processing secondary magnesium scrap, *i.e.*, that part of RR’s technical/industrial process that RR had earlier purchased from RMA.¹ Since acquiring legal rights to this equipment and technology, RI has experienced rapid growth in demand for its magnesium powder and granule products. It plans to install equipment utilizing new technology that processes post-consumer scrap, oily magnesium turnings, and oily magnesium scrap into magnesium powder and granules to expand the plant’s capacity to 2,500 TPY from 1,000 TPY over a 12-month period. Estimated costs to complete the project in West Pittsburg amount to approximately \$2.5 million.

Although RI now owns the equipment and process needed to go ahead with its project, it does not own the real property on which its business operates. Rather, legal title to the property lies with the reorganized RMA. RMA is merely a shell—a defunct, phantom company with no board of directors, no employees, no plant, no office, and nothing other than an “official” existence with a single asset—the West Pittsburg real estate on which the RI plant now stands. RI is not a tenant or lessee of the property, but a mere occupant with no clearly articulated legal right to occupy the property. This problem is the heart of why RI now calls on LCEDC for assistance, as explained in the following section.

Why Remacor Inc. Requests That LCEDC Intervene as a Purchaser of the West Pittsburg Property

RI needs to have title to the 17-acre portion of the land on which it currently operates in order to obtain expansion financing. The legal complications that would arise from resuscitating RMA, such that it could sell the property to RI, would be prohibitively time-consuming and expensive. LCEDC’s acquisition and partial transfer of the property, however, would avoid these disadvantages while benefiting both the LCEDC and RI.

RI does not occupy a favorable position to purchase the West Pittsburg property directly from RMA in light of the environmental issues described below that could impede RI’s ability to obtain the financing, despite RI’s current compliant environmental status. As to that current status, RI has entered into (and is in compliance with) an agreement with the Pennsylvania Department of Environmental Protection (DEP) to remove from the site more than two million pounds of drummed and palleted residual waste (most of which consists of un-used “raw materials” for the former industrial process utilized by RMA to produce desulfurization materials

¹ A private investment firm, Magnesium Technologies Inc., purchased RR’s reagent business segment in December, 2003. The reagent business included all of RR’s iron desulfurization products and other magnesium-base products, production facilities in Walkerton, IN, and equipment located at customers’ plants. The new firm continues to do business under the Rossborough name.

for iron and steel manufacturing). RI has managed to remove and properly dispose of this material at the rate of about 200,000 pounds per quarter since October, 2004, and anticipates that it will remove all the material within the two-year deadline for doing so imposed in its agreement with DEP.

The environmental issue referred to above that could impede RI's ability to borrow arises out of the liability scheme under both federal and Pennsylvania law with regard to the cleanup of property known or suspected to contain hazardous substances, *i.e.*, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA" or "Superfund"), 42 U.S.C. §§ 9601, *et seq.*, and Pennsylvania's Hazardous Sites Cleanup Act ("HSCA"), 35 P.S. §§ 6020.101, *et seq.* These laws each attach liability for remediation of the release of hazardous substances on a basis of retroactive, strict, and joint and several liability. That means that despite the level of care exercised in the generation, handling, storage, management, treatment, transportation, or disposal of materials at a property, if a release of a hazardous substance takes place at the property, any party associated with the material's presence at the property, including current and former owners and operators of the property, has liability to pay the expense of cleanup. Moreover, unless the statute of limitations period has run (no sooner than three years after the completion of remedial action at the site), the parties are liable for activities taking place in the distant past, even before enactment of these statutes. Each potentially responsible party has liability for the entire cleanup, not just its share: the law leaves it to the responsible parties to sort out individual shares of liability among themselves. This scheme leads to complex, expensive, and time-consuming litigation and has put a damper on the transfer of properties with known or suspected contamination, particularly properties such as the plant in West Pittsburg which has been utilized for manufacturing for over a century.

On a positive note, however, the environmental laws provide protection from liability for innocent purchasers of contaminated property, *i.e.*, parties that had nothing to do with causing the problems at a contaminated property, or a contractual relationship (other than the property purchase agreement) with a potentially responsible party. Both Lawrence County and LCEDC would qualify as such innocent purchasers. Innocent parties escape the liability scheme entirely, so long as they have made "All Appropriate Inquiry" before purchasing the property and thereafter exercise "Reasonable Care" to address any contamination discovered on the property. "All Appropriate Inquiry" currently consists of the completion of a Phase I Environmental Assessment report in compliance with the 1-1527-00 Standard of the American Society of Testing and Materials ("ASTM"). "Reasonable Care" does not mean doing a "full-blown" Superfund cleanup; rather, it requires only taking steps to prevent immediate human exposure and further release of hazardous material.

Regrettably, RI may face an uphill battle to qualify as an "innocent purchaser" of the property because of RI's relationship with RR and RMA, the owners and operators of the site at the time potential contamination of the site could have occurred. Also, Joseph Jackman's role as having served as president of both these companies complicates the relationship for the purpose of establishing an innocent purchaser defense for RI. RI purchased the process and equipment of RR, and Jackman had personal responsibility for the West Pittsburg facility at both RMA and RR, as he currently does at RI. This lingering potential liability alone could inhibit RI's obtaining financing to purchase the property on which it currently operates and to pay for its

needed improvements. Wiggin and Dana LLP anticipates, however, that RI would not face these substantial barriers to obtaining financing were there another party that does not share this historical burden to acquire the property and then transfer the property to RI:

Our Proposal

In brief, we propose that Lawrence County (or alternatively both the County and LCEDC) commission an ASTM E-1527-00 Phase I Environmental Site Assessment of the entire RMA property to fulfill its (or their) "All Appropriate Inquiry" obligation for the "innocent purchaser" defense under CERCLA. (Such an inquiry ordinarily costs in the range of \$1500 to \$3000.) The County would then enforce its outstanding tax lien of about \$300,000 on the property, take the property through a tax foreclosure sale, and then transfer the property for no or nominal consideration to LCEDC. LCEDC could rely on the Phase I study of the County to meet its own "All Appropriate Inquiry" obligation if the transfer takes place promptly. LCEDC would then, as described below, retain for itself the approximately 23 acres of currently undeveloped property that RI does not need for its operations and transfer to RI the 17 acres on which the company has historically conducted its operations and intends to revamp its production facilities. Hence, RI would own and occupy the portion of the property most likely to raise environmental issues, while LCEDC would obtain, at no cost, 23 acres of very "developable" riverfront, rail accessible property.

After the acquisition of the property by the County and either before or after transfer to LCEDC, the County or LCEDC would undertake a Phase II environmental site assessment of the property. RI would cover the cost of the Phase II study to the extent that neither Lawrence County nor LCEDC could obtain sufficient grant or loan funds to pay for this study. A substantial benefit of this proposal arises from Lawrence County's and LCEDC's eligibility for state and federal grants and loans for site assessment and cleanup that a private entity such as RI cannot qualify to obtain. Thus, RI would reasonably expect the County and LCEDC to take advantage of these funding opportunities; RI would then agree to pay for the shortfall between application and grant. (Insofar as RI does not currently own the property it cannot unilaterally conduct a Phase II study on its own behalf. For it to obtain permission to do so from RMA would raise the legal complications mentioned above with regard to resuscitating the dormant "phantom" entity.)

RI has a high level of confidence that a Phase II examination will not disclose the release of hazardous substances associated with its or RMA's operation of the property. It cannot make that claim, however, with regard to previous industrial operations at the property that took place before RMA occupied the site. A Phase II assessment might disclose the existence of contamination associated with those activities. The significant benefits that will flow from undertaking the Phase II assessment and the consequent property transfer, coupled with the County's and LCEDC's innocent party status and their exemption from environmental liability for site conditions, more than outweigh any risks of disclosure of contamination.

Unless the Phase II examination of the property discloses the existence of contamination, the required remediation of which would render RI's proposed improvements unworkable for either financial or logistic reasons, LCEDC would transfer to RI the 17 acres, which RI needs to

complete its improved production facilities plan. LCEDC would retain the remaining, highly developable and attractive 23 acres for its own purposes. A neutral third-party could determine whether the required remediation rendered the improvements “unworkable.” RI would thus acquire responsibility for all required environmental compliance with regard to its 17 acres and LCEDC for its 23 acres. Unlike RI, however, LCEDC will have the opportunity to seek state and federal grant and loan assistance with efforts it may choose to undertake with regard to remediation and redevelopment of its property.

Both LCEDC and RI could endeavor to take advantage of liability releases under the voluntary remedial program of Act 2, Pennsylvania’s “Land Recycling Act.” The parties would execute a mutual release of claims between one another with regard to the potential environmental liability of each parcel, *i.e.*, no party would seek to recover against the others for costs of environmental remediation of their respective parcels.

Why should LCEDC agree to this proposal?

At the height of its economic “hey-day” in the 1980s, Remacor employed more than 200 people and contributed to the local economy both by paying taxes and supporting local businesses. With its greatly expanded market and bright prospects for growth, RI can project at least doubling its current 35-person workforce to 70 within two years. RI wants to expand where it has roots and a solid, experienced, and loyal Lawrence County workforce here in West Pittsburg.

Thus, a decision by LCEDC to acquire the West Pittsburg property, and perform the Phase II assessment would preserve those jobs, help increase the tax base, and restore more consumer spending in the vicinity. In addition, LCEDC, at no cost, would acquire 23 acres of attractive riverfront and rail-accessible property that is ripe for redevelopment. With a refurbished RI next door, the adjoining property could benefit from the symbiosis associated with a successful neighbor.

2/23/06

TO: T. J. Matesic

Copy to: J. L. Lingenfelter

FROM: J. R. Jackman

DATE: 2/23/06

SUBJECT: Shenango Steel Buildings (800-548-0625)

I talked with Tom Clark on 2/20/06 regarding our 80 x 60 and 80 x 100 steel buildings. Tom said that for budget purposes, the cost for:

- Steel building is \$7 - \$8/sq. ft.
- Foundation and floor is \$5.00 - \$6.00/sq. ft.

Estimated total cost of foundation, floor, building and erection is \$23/sq. ft. without any electricals.

JRJ/mjl



TO: T. J. Matesic
FROM: J. R. Jackman
DATE: 2/23/06
SUBJECT: Estimated Concrete Cost for Buildings

I talked with Jim Carna on 2/21/06 for concrete cost for:

80 x 100 = 8,000 sq. ft.
80 x 60 = 4,800 sq. ft.
12,800 sq. ft.

(a) Footers – 3 ft. wide x 1 ft. thick	-	71 yards
(b) Allow for piers	-	40 yards
(c) Floor	-	<u>240 yards</u>
Total Concrete	-	351 yards @ \$80/yd
(d) Total Concrete Cost	-	\$28,000
(e) Reinforcing & Misc.	-	3,000
(f) Concrete finishing @ \$0.80/sq. ft.	-	10,240
(g) Excavation	-	<u>15,000</u>
Total Estimated	-	\$56,240 - \$4.39/sq. ft.

JRJ/mjl





Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
203-782-2889

BCC: CW
RL

February 20, 2006

Barry J. Trilling, Esq.
Wiggin and Dana LLP
One Century Tower
P.O. Box 1832
New Haven, CT 06508

RE: \$2.0 Million Refinancing Project

Dear Barry:

This is just to inform you that we have finally, after six months, received word last week from Lloyds of London that they will pay our insurance claim. Payment should be made sometime within the next several weeks.

In addition over the last six months, we have been actively pursuing a \$2.0 million refinancing project to secure working capital and rebuild the plant. It appears we will have everything in place and closed by sometime in April. We obviously will want to continue our relationship and will address our outstanding balance at that time. I deeply appreciate your cooperation and patience during this past year.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

Confirmation Report - Memory Send

Page : 001
Date & Time: 20-Feb-06 15:41
Line 1 : 724-535-7761
Machine ID : REMACOR WEST PGH

Job number : 895
Date : 20-Feb 15:40
To : 21-203 782 2889
Number of pages : 001
Start time : 20-Feb 15:40
End time : 20-Feb 15:41
Pages sent : 001
Status : OK

Job number : 895

*** SEND SUCCESSFUL ***



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
203-782-2889

February 20, 2006

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Wiggin and Dana LLP
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P.O. Box 1832
New Haven, CT 06508

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Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

JRJ/mjl

"It's Performance That Counts"



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
412-391-8522

BCC: CW
RL

February 20, 2006

George T. Snyder, Esq.
Stonecipher, Cunningham, Beard & Schmit, P.C.
125 First Avenue
Pittsburgh, PA 15222

RE: \$2.0 Million Refinancing Project

Dear George:

This is just to inform you that we have finally, after six months, received word last week from Lloyds of London that they will pay our insurance claim. Payment should be made sometime within the next several weeks.

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Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

Confirmation Report - Memory Send

Page : 001
Date & Time: 20-Feb-06 15:42
Line 1 : 724-535-7761
Machine ID : REMACOR WEST PGH

Job number : 896
Date : 20-Feb 15:40
To : 21-412 391 8522
Number of pages : 001
Start time : 20-Feb 15:41
End time : 20-Feb 15:42
Pages sent : 001
Status : OK

Job number : 896

*** SEND SUCCESSFUL ***



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
412-391-8522

February 20, 2006

George T. Snyder, Esq.
Stonocipher, Cunningham, Beard & Schmit, P.C.
125 First Avenue
Pittsburgh, PA 15222

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Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

"It's Performance That Counts"



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
216-696-6569

BCC: CLW
RL

February 20, 2006

S. Dan Pace, Esq.
Spieth, Bell, McCurdy & Newell Co., LPA
925 Euclid Avenue
2000 Huntington Building
Cleveland, OH 44115

RE: \$2.0 Million Refinancing Project

Dear Dan:

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Joseph R. Jackman
President

JRJ/mjl

Confirmation Report - Memory Send

Page : 001
Date & Time: 20-Feb-06 15:43
Line 1 : 724-535-7761
Machine ID : REMACOR WEST PGH

Job number : 897
Date : 20-Feb 15:41
To : 21-216 696 6569
Number of pages : 001
Start time : 20-Feb 15:42
End time : 20-Feb 15:43
Pages sent : 001
Status : OK

Job number : 897

*** SEND SUCCESSFUL ***



Office of the President

VIA FAX
216-696-6569

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

February 20, 2006

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2000 Huntington Building
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Sincerely,

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President

IRJ/mjl

"It's Performance That Counts"



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX & U.S. MAIL
330-792-4762

February 20, 2006

The Hearn Paper Company
556 North Meridian Road
Youngstown, OH 44509

ATTN: Ms. Diane Tatarka

Dear Ms. Tatarka:

Pursuant to your discussion with Charles Willison of our office and Judge J. V. Lamb regarding the outstanding balance due your company of \$1,148.08, please be advised that we are awaiting an insurance settlement from Lloyds of London of \$825,000.00, which they have agreed to pay before April 10, 2006.

Your company will be paid the above balance before April 30, 2006.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

Confirmation Report - Memory Send

Page : 001
Date & Time: 20-Feb-06 14:55
Line 1 : 724-535-7761
Machine ID : REMACOR WEST PGH

Job number : 894
Date : 20-Feb 14:54
To : 1-330 792 4762
Number of pages : 001
Start time : 20-Feb 14:54
End time : 20-Feb 14:55
Pages sent : 001
Status : OK

Job number : 894

*** SEND SUCCESSFUL ***



Office of the President

VIA FAX & U.S. MAIL
330-792-4762

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

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Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

JRJ/mjl

"It's Performance That Counts"



Office of the President

VIA FAX
412-586-0213

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

February 20, 2006

Mr. Everett J. Burns
Chief Financial Officer
Gemini Holdings, Inc.
11 Stanwix Street, Suite 1450
Pittsburgh, PA 15222

RE: \$2.0 Million Refinancing Project

Dear Everett:

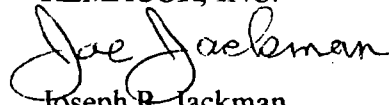
Everett, it appears everything is finally beginning to fall into place for us. Lloyds of London has agreed to pay our insurance claim in full. We are also very close to securing the \$500,000 in equity or subordinated debt. I will have a choice to make over the next several weeks as to whether we take the equity or SD. Once the equity/SD is secured, we have a commitment on the SBA 504 \$1.0 million loan. We are having discussions with several banks regarding our entire banking relationship.

We have hired a professional grant writer and the application process for the \$500,000 Inventions and Innovation Grant is under way. The PA RMC and PENNTAP officials are very optimistic and feel we more than qualify for the grant.

Everett, at this point, it appears we have solved our refinancing project. If you would like to discuss some kind of involvement or participation in Remacor, Inc., please give me a call. I appreciate your initial interest and wish you well.

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

JRJ/mjl

Confirmation Report - Memory Send

Page : 001
Date & Time: 20-Feb-06 14:49
Line 1 : 724-535-7761
Machine ID : REMACOR WEST PGH

Job number : 893
Date : 20-Feb 14:48
To : 21-412 586 0213
Number of pages : 001
Start time : 20-Feb 14:48
End time : 20-Feb 14:49
Pages sent : 001
Status : OK

Job number : 893

*** SEND SUCCESSFUL ***



Office of the President

VIA FAX
412-586-0213

P. O. Box 366, Route 168
West Pittsburg, PA 15160
(724) 535-4357
FAX: (724) 535-7761

February 20, 2006

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Joe Jackman
Joseph R. Jackman
President

JRJ/mjl

"It's Performance That Counts"



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
412-261-5295

TO: Louis C. Long, Esq.
Pietragallo, Bosick & Gordon, LLP

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 2/20/06

SUBJECT: **Cleanup Costs**

Lou, the cleanup and removal of debris from certain parts of the fire area are critical to our reconstruction and startup operation. We are not going to have any funds from the personal property claim with which to do this. It is therefore imperative that the cleanup provision be resolved so that we can begin cleanup in certain areas immediately in order to get back into operation as quickly as possible.

Sincerely,

JRJ/mjl

Confirmation Report - Memory Send

Page : 001
Date & Time: 20-Feb-06 12:21
Line 1 : 724-535-7761
Machine ID : REMACOR WEST PGH

Job number : 889
Date : 20-Feb 12:20
To : 41-412 261 5295
Number of pages : 001
Start time : 20-Feb 12:20
End time : 20-Feb 12:21
Pages sent : 001
Status : OK

Job number : 889

*** SEND SUCCESSFUL ***



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
412-261-5295

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Pietragallo, Bosick & Gordon, LLP
FROM: Joseph R. Jackman
Remacor, Inc.
DATE: 2/20/06
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JRJ/mjl

"It's Performance That Counts"



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA FAX
717-705-4980

February 20, 2006

Mr. Eugene A. DePasquale
Deputy Secretary
Department of Environmental Protection
Rachel Carson State Office Building
P.O. Box 2063
Harrisburg, PA 17105-2063

RE: LCEDC Luncheon in New Castle

Dear Eugene:


I certainly enjoyed meeting you last Wednesday at the Q&A Luncheon. I found it very informative.

As I mentioned, your response to my request for assistance in my e-mail of December 8 was quite helpful. I contacted Garry Miller of PENNTAP as you suggested and Garry introduced me to Bob Meneses of the Pennsylvania Recycling Market Center who is assisting us in applying for a Department of Energy Inventions and Innovations Program Grant. We have already hired a professional grant writer and the process is well underway. In addition, Garry Miller has introduced us to the Mahoning Valley Economic Development Corporation that has indicated a willingness to consider a \$1.0 million SBA 504 equipment loan. This is all part of a \$2.0 million plant expansion program that saves 42 existing jobs that will grow to 75 jobs over the next three to five years.

Again, I thank you for your assistance and will definitely keep you informed of our progress.

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

JRJ/mjl

CC: Robert Meneses
Garry Miller ✓

"It's Performance That Counts"

Confirmation Report - Memory Send

Page : 001
Date & Time: 20-Feb-06 11:59
Line 1 : 724-535-7761
Machine ID : REMACOR WEST PGH

Job number : 885
Date : 20-Feb 11:58
To : 21-717 705 4980
Number of pages : 001
Start time : 20-Feb 11:58
End time : 20-Feb 11:59
Pages sent : 001
Status : OK
Job number : 885

*** SEND SUCCESSFUL ***



Office of the President

VIA FAX
717-705-4980

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

February 20, 2006

Mr. Eugene A. DePasquale
Deputy Secretary
Department of Environmental Protection
Rachel Carson State Office Building
P.O. Box 2063
Harrisburg, PA 17105-2063

RE: LCEDC Luncheon in New Castle

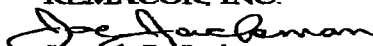
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Joseph R. Jackman
President

JRJ/mjl

CC: Robert Meneses
Garry Miller

"It's Performance That Counts"

Confirmation Report - Memory Send

Page : 001
Date & Time: 20-Feb-06 12:01
Line 1 : 724-535-7761
Machine ID : REMACOR WEST PGH

Job number : 886
Date : 20-Feb 12:00
To : 21-717 948 6753
Number of pages : 001
Start time : 20-Feb 12:00
End time : 20-Feb 12:01
Pages sent : 001
Status : OK

Job number : 886

*** SEND SUCCESSFUL ***



Office of the President

VIA FAX
717-705-4980

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

February 20, 2006

Mr. Eugene A. DePasquale
Deputy Secretary
Department of Environmental Protection
Rachel Carson State Office Building
P.O. Box 2063
Harrisburg, PA 17105-2063

RE: LCEDC Luncheon in New Castle

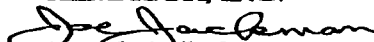
Dear Eugene:

I certainly enjoyed meeting you last Wednesday at the Q&A Luncheon. I found it very informative.

As I mentioned, your response to my request for assistance in my e-mail of December 8 was quite helpful. I contacted Garry Miller of PENNTAP as you suggested and Garry introduced me to Bob Meneses of the Pennsylvania Recycling Market Center who is assisting us in applying for a Department of Energy Inventions and Innovations Program Grant. We have already hired a professional grant writer and the process is well underway. In addition, Garry Miller has introduced us to the Mahoning Valley Economic Development Corporation that has indicated a willingness to consider a \$1.0 million SBA 504 equipment loan. This is all part of a \$2.0 million plant expansion program that saves 42 existing jobs that will grow to 75 jobs over the next three to five years.

Again, I thank you for your assistance and will definitely keep you informed of our progress.

Sincerely,
REMACOR, INC.


Joseph R. Jackman
President

JRJ/mjl

CC: Robert Meneses ✓
Garry Miller

"It's Performance That Counts"

Confirmation Report - Memory Send

Page : 001
Date & Time: 20-Feb-06 12:06
Line 1 : 724-535-7761
Machine ID : REMACOR WEST PGH

Job number : 887
Date : 20-Feb 12:05
To : 21-570 722 2396
Number of pages : 001
Start time : 20-Feb 12:05
End time : 20-Feb 12:06
Pages sent : 001
Status : OK

Job number : 887

*** SEND SUCCESSFUL ***



Office of the President

VIA FAX
717-705-4980

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

February 20, 2006

Mr. Eugene A. DePasquale
Deputy Secretary
Department of Environmental Protection
Rachel Carson State Office Building
P.O. Box 2063
Harrisburg, PA 17105-2063

RE: LCEDC Luncheon in New Castle

Dear Eugene:

I certainly enjoyed meeting you last Wednesday at the Q&A Luncheon. I found it very informative.

As I mentioned, your response to my request for assistance in my e-mail of December 8 was quite helpful. I contacted Garry Miller of PENNTAP as you suggested and Garry introduced me to Bob Meneses of the Pennsylvania Recycling Market Center who is assisting us in applying for a Department of Energy Inventions and Innovations Program Grant. We have already hired a professional grant writer and the process is well underway. In addition, Garry Miller has introduced us to the Mahoning Valley Economic Development Corporation that has indicated a willingness to consider a \$1.0 million SBA 504 equipment loan. This is all part of a \$2.0 million plant expansion program that saves 42 existing jobs that will grow to 75 jobs over the next three to five years.

Again, I thank you for your assistance and will definitely keep you informed of our progress.

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

IRJ/mjl

CC: Robert Meneses
Garry Miller ✓

"It's Performance That Counts"

Joseph R. Jackman

From: "Joseph R. Jackman" <remacor@icubed.com>
To: "Kevin H. Jones" <kevin.jones@bearmet.com>
Sent: Monday, February 20, 2006 9:56 AM
Subject: \$2.0 Million Refinancing Project

Kevin, it appears everything is finally beginning to fall into place for us. Lloyds of London has agreed to pay our insurance claim in full. We are also very close to securing the \$500,000 in equity or subordinated debt. I will have a choice to make over the next several weeks as to whether we take the equity or SD. Once the equity/SD is secured, we have a commitment on the SBA 504 \$1.0 million loan. We are having discussions with several banks regarding our entire banking relationship.

We have hired a professional grant writer and the application process for the \$500,000 Inventions and Innovation Grant is under way. The PA RMC and PENNTAP officials are very optimistic and feel we more than qualify for the grant.

Kevin, at this point, it appears we have solved our refinancing project. If you would still like to discuss some kind of involvement or participation in Remacor, Inc., please give me a call. I appreciate your initial interest and wish you well.

Sincerely,
Joseph R. Jackman
President
Remacor, Inc.
P.O. Box 366, Route 168
West Pittsburg, PA 16160
Phone: 724-535-4357
Fax: 724-535-7761

2/20/2006



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

February 17, 2006

Mr. William Beard
General Manager
Gateway Commerce Center
Rural Route #2 Box 2007
Wampum, PA 16157

cc. MJL

RE: Recycling of Magnesium Material

Dear Bill:

Pursuant to our discussion today, Remacor, Inc. will accept the material under the following terms and conditions:

1. Gateway Commerce Center will pay Remacor, Inc. \$0.50 lb. of net weight delivered to the West Pittsburg Plant.
2. Payment terms will be 10 days after receipt of material.
3. Gateway Commerce Center, its agents, employees, officers, directors, shareholders and affiliates will, by agreeing to the terms and conditions of this letter, release Robert W. Rickard and RWR Enterprises of all liability for delinquent rental charges and disposal costs associated with the magnesium material that is presently at your facility.

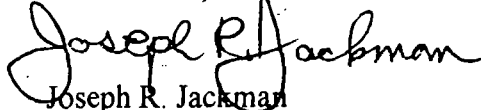
If you agree to the above please sign below and return a copy to me.

Agreed
Gateway Commerce Center

William D. Beard
General Manager

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

TO: John Tippins and Kern Moritz
Stonewood Capital Management, Inc.

cc: MJL

FROM: Joseph R. Jackman
President
Remacor, Inc.

DATE: 2/17/06

SUBJECT: **Profitability Selling Directly To the Steel Industry versus the Reagent Producers**

The attached data shows the sales and income comparison of selling Mg granules to the reagent producers (Rossborough, Hart Metals in the U.S. and Almamet GmbH in Germany) compared to selling directly to the steel industry.

Exhibit 2 – Selling to Reagent Producers

This is the Monthly Income Forecast for the sales of 420,000 lbs. of Mg granules (10 trucks) to Rossborough and Hart, our direct cost to produce the Mg granules is \$0.497/lb. The selling price to Rossborough and Hart is \$0.75/lb. However, the selling price per lb. material of \$0.85, shown on the report, is computed by adding the A and B scrap sales and the income from the fee's we charge the magnesium diecasters to process/recycle the oily turnings and scrap. Both the scrap sales and the fee's should reduce the raw material cost's, however, keeping track of it this way is easier for me to monitor and track month to month.

Our existing debt service and debt service on the \$1.0 million SBA 504 loan is included in the G&A cost.

Exhibit 3 – Selling Direct to the Steel Industry

By producing 420,000 lbs. Mg granules and purchasing 280,000 lbs. per month of Chinese Mg and blending both materials, we can produce a desulfurization reagent for \$0.706/lb.

The reagent producers, Rossborough and Hart, purchase Chinese Mg for \$0.85/lb, duty paid delivered to their plants. They do screening; add some additives, loading into trucks and

freight to the steel plants add another \$0.04/lb. Therefore, their cost of reagent to the steel industry is \$0.89/lb. Our cost for an identical reagent is \$0.706/lb.

The following shows the gross margin comparison of the present market price.

	<u>Remacor</u>	<u>Reagent Producers</u>
Present Market Price	\$1.150	\$1.150
Direct Cost	<u>0.706</u>	<u>0.890</u>
Gross Margin	0.440	0.260
% GM	38.3%	22.6%

I have actually reduced Remacor's selling price of reagent to the steel industry to \$1.00/lb. from the present market price of \$1.15. This is shown in the sales box in Exhibit 3. This is done to begin penetrating and securing a market share.

Summary

The tremendous increase in profitability by selling directly to the steel industry is made possible by blending Remacor's low cost Mg granules with Chinese Mg purchased at the same price our competitors have to pay. Our gross margin goes from 41.5% to 33.4% which is a 20% reduction. However our selling price is increased by 25% and our sales volume is increased by 67%.

Upon completion of our \$1.0 million expansion program, we would have the capability of selling 420,000 lbs/month to the reagent producers. This generates annual sales of approximately \$4.2 million. By taking that same production and buying Chinese Mg and blending, our sales would go to 700,000 lbs/month which would generate annual sales of approximately \$9.0 million.

The 700,000 lbs/month represents 4200 tons per year (TPY). The total market in North America is approximately 30,000 TPY.

Another \$2.0 million expansion in 2008 would increase our production capacity to 5000 TPY of Mg granules or 8350 TPY of reagent which would generate annual sales of \$15.0 to \$20.0 million.

JRJ/rl

Attachments





Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

February 17, 2006

Mr. William Beard
General Manager
Gateway Commerce Center
Rural Route #2 Box 2007
Wampum, PA 16157

cc: MSL

RE: Recycling of Your Magnesium Swarf

Dear Bill:

Pursuant to our discussion today, Remacor, Inc. will accept your material for recycling under the following terms and conditions:

1. Gateway Commerce Center will pay Remacor, Inc. \$0.50 lb. of net weight delivered to the West Pittsburg Plant.
2. Payment terms will be 10 days after receipt of material.
3. Gateway Commerce Center, its agents, employees, officers, directors, shareholders and affiliates will, by agreeing to the terms and conditions of this letter, release Robert W. Rickard and RWR Enterprises of all liability for delinquent rental charges and disposal costs associated with the magnesium swarf that is presently at your facility, which will be recycled by Remacor, Inc.

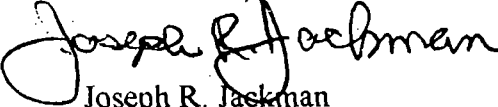
If you agree to the above please sign below and return a copy to me.

Agreed
Gateway Commerce Center

William D. Beard
General Manager

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

Joseph R. Jackman

From: "Joseph R. Jackman" <remacor@icubed.com>
To: "Max Valentine" <mvalen3202@aol.com>
Sent: Monday, February 13, 2006 2:08 PM
Subject: Interested Investor

Dear Max:

I have had a conversation with Dan Hoversten of SJF Ventures in Philadelphia regarding our equity search. Dan has indicated that they would consider participating in this project if we could find someone to take the lead as they are quite busy at this time. Dan said they like the deal; it's a good story. If you would like to contact him, his address and phone number are as follows:

Dan Hoversten
Managing Director
SJF Ventures
255 South 17th Street
Suite 1301
Philadelphia, PA 19103
Telephone: 215-545-1750
Fax: 215-545-1751
E-Mail: dshoversten@sjfund.com

Sincerely,
Joseph R. Jackman
President
Remacor, Inc.
P.O. Box 366, Route 168
West Pittsburg, PA 16160
Phone: 724-535-4357
Fax: 724-535-7761

2/13/2006



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

February 14, 2006

Mr. Paul DeArment
Vice President
Sky Bank
101 E. Washington Street
New Castle, PA 16101

RE: Insurance Claim Settlement

Dear Paul:

As we discussed yesterday, it appears that we will finally get full payment for our insurance claim which should be the balance of the \$625,000 plus the 25% provision for cleanup. See attached schedule. The schedule shows an approximate breakdown on the distribution of the insurance proceeds and the subsequent reduction of the revolver and the term loan. We have made assumptions on the allocation of the proceeds for the term loan and revolver. Obviously, you may choose a different allocation.

As I mentioned, we are having discussions with a number of interested parties in regards to securing \$500,000 in equity and/or subordinated debt. We are also having discussions with two organizations regarding an SBA 504 loan of \$1.0 million for equipment. The 504 program is 50% from a private lender, 40% SBA and 10% equity.

The third part of our refinancing program is a \$500,000 Department of Energy grant in which we are receiving assistance from the Pennsylvania Recycling Market Center (see attached letter) and the Pennsylvania Technical Assistance Program (PENNTAP). This process is well under way, however, has a timeline of six to twelve months.

We have received tentative approval on the SBA 504 program from one group and are having discussions with a second group. We will need a commitment letter from our lender for the 50% portion of the \$1.0 million loan.

If we receive a commitment letter on the \$500,000 in equity or subordinated debt, would Sky Bank be interested in participating and provide us with a commitment letter for 50% of the

Mr. Paul DeArment
February 14, 2006
Page 2

SBA 504 loan. If not, obviously, we must seek another banking relationship elsewhere. We would like to remain with Sky Bank and we await your decision.

I have enclosed some supporting information for your review. If you need any additional information, please let me know.

Sincerely,

REMACOR, INC.

A handwritten signature in black ink that reads "Joe Jackman". The signature is written in a cursive, flowing style.

Joseph R. Jackman
President

JRJ/mjl

Enclosures

REMACOR DEBT
AS OF 2/13/06
AND
PAYDOWN OF DEBT WITH INSURANCE PROCEEDS

	<u>REVOLVER</u>	<u>TERM DEBT</u>	<u>TOTAL DEBT</u>
Present Debt	\$451,342	\$429,243	\$880,505
Insurance Proceeds	<u>(200,000)</u>	<u>(252,000)</u>	<u>(452,000)</u>
Debt after Insurance Payoff	\$251,342	\$177,243	<u>\$428,585</u>

2/14/06.

DISTRIBUTION OF INSURANCE PROCEEDS

	<u>Sky Bank Total Claim</u>	<u>Remacor Cleanup Provision (25%)</u>	<u>Total</u>
Total Proceeds	\$625,000	\$156,000	\$701,000
Deductible	(10,000)	-	(10,000)
Additional Loss Payee (Leased Trucks)	(20,000)	-	(20,000)
Estimated Attorneys' Fees to Recover	<u>(18,000)</u>	<u>-</u>	<u>(18,000)</u>
Net Total Paid	\$577,000	\$156,000	\$733,000
Advance Received in Sept. 05	<u>125,000</u>	<u>75,000</u>	<u>200,000</u>
Net Proceeds from Payoff	<u>\$452,000</u>	<u>\$ 81,000</u>	<u>\$833,000</u>

02/14/06

Enclosures:

1. Bob Meneses letter of 1/19/06
2. Recycling Hazardous Mg Waste - Key Factors
3. Abstracts - for DOE Grant
4. Monthly Sales for 1st Phase - 2nd Phase
5. 1st Phase Equipment Cost
6. 2nd Phase Equipment Cost
7. SO4 loan Program Data / from MVEDC
8. letter of 2/8/06 - Magnesium Technologies
9. letter of 1/25/06 - Hart Metals
10. Proforma Financial Statements dated 1/16/06
11. Distribution of Insurance Proceeds 2/14/06
12. Remacor - Sky Debt as of 2/13/06



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA FAX
330-467-6875

February 13, 2006

Mr. Max Valentine
Valentine Companies
2650 West Hayes
Freemont, Ohio 43420

RE: Interested Investor


Dear Max:

I have had a conversation with Dan Hoversten of SJF Ventures in Philadelphia regarding our equity search. Dan has indicated that they would consider participating in this project if we could find someone to take the lead as they are quite busy at this time. Dan said they like the deal; it's a good story. If you would like to contact him, his address and phone number are as follows:

Dan Hoversten
Managing Director
SJF Ventures
255 South 17th Street
Suite 1301
Philadelphia, PA 19103
Telephone: 215-545-1750
Fax: 215-545-1751
E-mail: dshoversten@sjfund.com

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

JRJ/mjl

CC: Dan Hoversten



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA FAX
412-322-0644

February 13, 2006

Mr. Eric A. Wissinger
Managing Director
Commonwealth Capital Group
850 Ridge Avenue
Pittsburgh, PA 15212

RE: Interested Investor

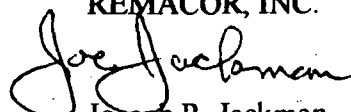
Dear Eric:

I have had a conversation with Dan Hoversten of SJF Ventures in Philadelphia regarding our equity search. Dan has indicated that they would consider participating in this project if we could find someone to take the lead as they are quite busy at this time. Dan said they like the deal; it's a good story. If you would like to contact him, his address and phone number are as follows:

Dan Hoversten
Managing Director
SJF Ventures
255 South 17th Street
Suite 1301
Philadelphia, PA 19103
Telephone: 215-545-1750
Fax: 215-545-1751
E-mail: dshoversten@sjfund.com

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

JRJ/mjl

CC: Dan Hoversten

"It's Performance That Counts"



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA FAX
212-594-6717

February 13, 2006

Mr. Mark Peterson
Executive Director
CL Fund
1920 Gulf Tower
707 Grant Street
Pittsburgh, PA 15219

RE: Interested Investor

Dear Mark:

I have had a conversation with Dan Hoversten of SJF Ventures in Philadelphia regarding our equity search. Dan has indicated that they would consider participating in this project if we could find someone to take the lead as they are quite busy at this time. Dan said they like the deal; it's a good story. If you would like to contact him, his address and phone number are as follows:

Dan Hoversten
Managing Director
SJF Ventures
255 South 17th Street
Suite 1301
Philadelphia, PA 19103
Telephone: 215-545-1750
Fax: 215-545-1751
E-mail: dshoversten@sjfund.com

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

CC: Dan Hoversten



Office of the President
VIA FAX
412-391-0500

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

February 13, 2006

Mr. Kenn Moritz
Vice President
Stonewood Capital Management, Inc.
Three Gateway Center, 13 East
Pittsburgh, PA 15222

RE: Interested Investor

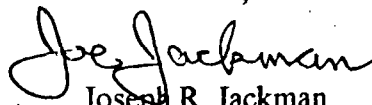
Dear Kenn:

I have had a conversation with Dan Hoversten of SJF Ventures in Philadelphia regarding our equity search. Dan has indicated that they would consider participating in this project if we could find someone to take the lead as they are quite busy at this time. Dan said they like the deal; it's a good story. If you would like to contact him, his address and phone number are as follows:

Dan Hoversten
Managing Director
SJF Ventures
255 South 17th Street
Suite 1301
Philadelphia, PA 19103
Telephone: 215-545-1750
Fax: 215-545-1751
E-mail: dshoversten@sjfund.com

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

JRJ/mjl

CC: Dan Hoversten

"It's Performance That Counts"



Office of the President

VIA FAX
724-283-6078

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

February 13, 2006

Mr. Kevin H. Jones
President and CEO
Bear Metallurgical Company
679 East Butler Road
Butler, PA 16002-9127

RE: Interested Investor

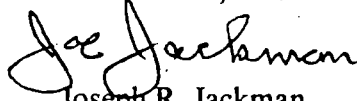
Dear Kevin:

I have had a conversation with Dan Hoversten of SJF Ventures in Philadelphia regarding our equity search. Dan has indicated that they would consider participating in this project if we could find someone to take the lead as they are quite busy at this time. Dan said they like the deal; it's a good story. If you would like to contact him, his address and phone number are as follows:

Dan Hoversten
Managing Director
SJF Ventures
255 South 17th Street
Suite 1301
Philadelphia, PA 19103
Telephone: 215-545-1750
Fax: 215-545-1751
E-mail: dshoversten@sjfund.com

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

JRJ/mjl

CC: Dan Hoversten

"It's Performance That Counts"



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA FAX
412-586-0213

February 13, 2006

Mr. Everett J. Burns
Chief Financial Officer
Gemini Holdings, Inc.
11 Stanwix Street, Suite 1450
Pittsburgh, PA 15222

RE: Interested Investor

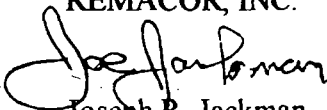
Dear Everett:

I have had a conversation with Dan Hoversten of SJF Ventures in Philadelphia regarding our equity search. Dan has indicated that they would consider participating in this project if we could find someone to take the lead as they are quite busy at this time. Dan said they like the deal; it's a good story. If you would like to contact him, his address and phone number are as follows:

Dan Hoversten
Managing Director
SJF Ventures
255 South 17th Street
Suite 1301
Philadelphia, PA 19103
Telephone: 215-545-1750
Fax: 215-545-1751
E-mail: dshoversten@sjfund.com

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

JRJ/mjl

CC: Dan Hoversten



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA UPS OVERNIGHT MAIL

February 13, 2006

Mr. Dan Hoversten
SJF Ventures
255 S. 17th Street
Suite 1301
Philadelphia, PA 19103

RE: Equity for Remacor, Inc.

Dear Dan:

I appreciate the time you took to read my proposal and talk to me last Thursday. I was pleased that you would consider participating in the project if we can find somebody to take the lead. I am passing this information on to those firms that have expressed an interest in our equity search and will copy you with these contacts.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

Enclosures (7)



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA FAX
330-202-7685

February 13, 2006

Mr. Tom Fast
Business Resource Group, LLC
527 North Market Street, Suite 100
Wooster, OH 44691

RE: Interested Investor

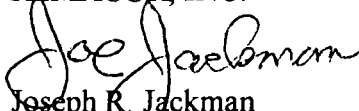
Dear Tom:

As I indicated Friday, I have had a conversation with Dan Hoversten of SJF Ventures in Philadelphia regarding our equity search. Dan has indicated that they would consider participating in this project if we could find someone to take the lead as they are quite busy at this time. Dan said they like the deal; it's a good story. If you would like to contact him, his address and phone number are as follows:

Dan Hoversten
Managing Director
SJF Ventures
255 South 17th Street
Suite 1301
Philadelphia, PA 19103
Telephone: 215-545-1750
Fax: 215-545-1751
E-mail: dshoversten@sjfund.com

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

JRJ/mjl

CC: Dan Hoversten

"It's Performance That Counts"



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA UPS OVERNIGHT MAIL

February 13, 2006

Mr. Randy McKillop
Randy McKillop and Associates, Inc.
213 State Street
Suite 200
Harrisburg, PA 17101

RE: Equity for Remacor, Inc.

Dear Randy:

Pursuant to our conversation last Friday, we are seeking \$500,000 in equity or subordinated debt as part of a refinancing package. I have enclosed a copy of our Business Review, which gives you an overview of the business and the opportunity it represents and a copy of our Proforma Financial Statements. In addition, I have included copies of other pertinent information that I felt would be helpful to you in reviewing this opportunity.

Essentially, we are the only company in the U.S. that has patented technology and know-how to process/recycle certain types of magnesium scrap into magnesium granules, which are sold into the steel industry for hot metal desulfurization.

We began operations as Remacor, Inc. on March 1, 2004 and operated with 35 employees until our warehouse fire on August 6, 2005. Since our fire, we have been operating at a reduced level. We are generating some income by receiving and inventorying our raw materials. As I mentioned, we generate about \$30,000-\$40,000 per month on the fees we are paid to process the various forms of magnesium scrap. This has been keeping us alive until we can get our insurance claim settled and secure our refinancing.

Lloyds of London, our insurance carrier, has disputed the \$800,000 claim on the basis of misinformation on the application. Although they are disputing the claim, they made a compromise settlement offer of \$400,000. We refused that offer and hired Pietragallo, Bosick & Gordon of Pittsburgh to represent us. After their investigation, PBG has recommended to Lloyds that they pay the claim in full. We hope to have this resolved within the next 30 days.

Mr. Randy McKillop

February 13, 2006

Page 2

We have taken the time, over the past five months; to redesign our processing operation increasing production from 4,000 to 14,000 lbs/shift. We have also incorporated a water filtration and recycling system to eliminate waste water disposal and reduce our detergent cost. We have taken the data from the prototype system I mentioned and redesigned the system to increase production and reduce costs based on the data obtained from our six months of operation prior to the fire.

Our refinancing package consists of three parts. The first part is a federal grant. Last November, I contacted the Deputy Secretary of the Department of Environmental Protection of Pennsylvania (EPA) to see if a state or federal grant was available in view of our recycling of hazardous waste activities. He was very positive and put me in touch with the Pennsylvania Recycling Market Center and the Pennsylvania Technical Assistance Program (PENNTAP). The PRMC was created by the U.S. EPA specifically to help companies like Remacor, Inc. in all areas. The timeline on the grant is six to twelve months. I have included a letter from Bob Meneses of the PRMC regarding their assistance in securing a grant. We have already hired a grant writer and this process has started.

The second part of our refinancing package is for the equipment expansion. PENNTAP has introduced us to the Mahoning Valley Economic Development Corporation who has agreed to go forward with a \$1.0 million SBA 504 loan. We are presently talking with several banks as we will need a commitment letter from the bank. The SBA 504 loan program is 50% private lender, 40% SBA and 10% equity.

The third part of our refinancing package is the equity or subordinated debt portion for working capital. We need to secure \$350,000 to \$500,000 in equity or subordinated debt for working capital. Once the equity has been secured, the SBA 504 loan should fall into place.

I am also enclosing an e-mail I received from Terry Horth of Meridian Technologies, Inc. of Canada and my response. MTI is the largest magnesium die-caster in the world and is owned by Fiat and Norsk Hydro. Careful review of this correspondence clearly reveals the opportunity Remacor has with its technology and production capacity. I have highlighted in yellow the pertinent parts of the correspondence.

Incidentally, I have had a conversation with Dan Hoversten of SJF Ventures in Philadelphia regarding our equity search. Dan has indicated that they would consider participating in this project if we could find someone to take the lead as they are quite busy at this time. Dan said they like the deal; it's a good story. If you would like to contact him, his address and phone number are as follows:

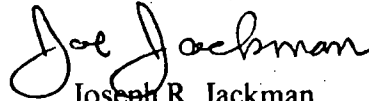
Dan Hoversten
Managing Director
SJF Ventures
255 South 17th Street
Suite 1301
Philadelphia, PA 19103
Telephone: 215-545-1750
Fax: 215-545-1751
E-Mail: dshoversten@sjfund.com

Mr. Randy McKillop
February 13, 2006
Page 3

If you have any questions or want additional data, please give me a call. I am looking forward to your comments and hope you will consider this project.

Sincerely,

REMACOR, INC.

A handwritten signature in cursive script, reading "Joe Jackman".

Joseph R. Jackman
President

JRJ/mjl

Enclosures

CC: Bob Meneses
Dan Hoversten

Joseph R. Jackman

From: "Joseph R. Jackman" <remacor@icubed.com>
To: "R. J. McSorley" <rj@successionpartners.com>
Sent: Monday, February 13, 2006 10:23 AM
Subject: Interested Investor

BCC: CW

Dear R.J.:

I have had a conversation with Dan Hoversten of SJF Ventures in Philadelphia regarding our equity search. Dan has indicated that they would consider participating in this project if we could find someone to take the lead as they are quite busy at this time. Dan said they like the deal; it's a good story. If you would like to contact him, his address and phone numbers are as follows:

Dan Hoversten
Managing Director
SJF Ventures
255 South 17th Street
Suite 1301
Philadelphia, PA 19103
Telephone: 215-545-1750
Fax: 215-545-1751
E-Mail: dshoversten@sjfund.com

Sincerely,
Joseph R. Jackman
President
Remacor, Inc.
P.O. Box 366, Route 168
West Pittsburg, PA 16160
Phone: 724-535-4357
Fax: 724-535-7761

2/13/2006

Joseph R. Jackman

From: "Joseph R. Jackman" <remacor@icubed.com>
To: <dirks@smxc.com>
Sent: Monday, February 13, 2006 9:36 AM
Subject: Fw:Remacor Invoice 0692773 - \$4185.00

Mr. Sandvig:

This is in response to your request to pay the outstanding balance of \$4185.00.

On August 6, 2005, we had a devastating fire that completely destroyed our warehouse and part of our production facilities which resulted in the shutdown of our plant. We had 35 employees working at that time. Our loss was approximately \$1.5 million. Lloyds of London, our insurance company, has disputed our claim on the basis of misinformation on the insurance application, but strangely, had offered to settle for 50% of the claim. This, we found very disturbing and hired a law firm to represent us. Our lawyers have found no misrepresentation and have insisted Lloyds pay the claim in full. In that this has taken almost 6 months to resolve, Lloyds is now close to subjecting themselves to a possible bad faith insurance claim law suit which they obviously should want to avoid. Pennsylvania has a very tough bad faith insurance claim statute. Based on where the discussions are at the present time, we feel the claim will be resolved and paid within the next 30 days.

We are not in a position to restart the plant until we settle the claim and receive the insurance proceeds. If the claim is settled by March 1, we anticipate restarting the plant sometime in April thereby generating sales and income. Presently we barely have enough funds to pay the bare necessities to keep the office functioning. We have worked out agreements with our banks and all other creditors to grant us a moratorium on all payments until we can restart the plant. We absolutely have no cash to make any payments at this time and any legal action against us at this time complicates our ability to restore our banking relationships and restart our plant.

We respectfully request you grant us a moratorium on any payment on this outstanding balance until May 1. Beginning May 1 we will pay SMX in 6 equal payments over a 6 month period.

I certainly regret this situation, however, things happen sometimes that are out of our control. We thank you for your past patience and hope you can endure this situation just a little longer.

Joseph R. Jackman
President
Remacor, Inc.
P.O. Box 366, Route 168
West Pittsburg, PA 16160
Phone: 724-535-4357
Fax: 724-535-7761

2/13/2006



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA FAX
330-202-7685

February 13, 2006

Mr. Tom Fast
Business Resource Group, LLC
527 North Market Street, Suite 100
Wooster, OH 44691

RE: Interested Investor

Dear Tom:

As I indicated Friday, I have had a conversation with Dan Hoversten of SJF Ventures in Philadelphia regarding our equity search. Dan has indicated that they would consider participating in this project if we could find someone to take the lead as they are quite busy at this time. Dan said they like the deal; it's a good story. If you would like to contact him, his address and phone number are as follows:

Dan Hoversten
Managing Director
255 South 17th Street
Suite 1301
Philadelphia, PA 19103
Telephone: 215-545-1750
Fax: 215-545-1751
E-mail: dshoversten@sjfund.com

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

CC: Dan Hoversten

"It's Performance That Counts"



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

TO: Bob Meneses
Market Development Manager
PA Recycling Market Center

FROM: Joseph R. Jackman
President
Remacor, Inc.

DATE: 2/09/06

SUBJECT: Trade Deficit with China

Bob, enclosed is some information on the trade deficit with China and its impact on our jobs. Obviously Remacor, Inc. helps offset that deficit and loss in jobs to China with the \$15-\$20 million in magnesium granules sales to the U.S. Steel industry and the 42 jobs it creates. I don't know whether Randy would incorporate this type of information into the grant proposal or not, however, I have sent him copies.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

cc MTL

JRJ/rl

CC: Randy Fletcher



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

February 9, 2006

Grant Professionals
Innovative Grant Writing & Research Service
205 East School Street
P.O. Box 81
Royal, IL 61871

Re: MTL

RE: Partial Retainer

Dear Randy:

Enclosed is a check for \$1,000 for the first payment of the retainer per your proposal dated February 6, 2006.

I am certainly excited and pleased to have you and Bob Meneses involved in this project. I look forward to the three of us getting together as soon as possible to discuss and finalize details. I will leave the scheduling of the meeting in terms of date and location to you and Bob. I will make myself available.

I am enclosing some information on the Industrial Technologies Program that Bob and I have discussed. Bob feels the Inventions and Innovation Program is the best match for us.

Look forward to meeting you soon.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/rl

Enclosures
CC: Bob Meneses



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

TO: Bob Meneses
Market Development Manager
PA Recycling Market Center

FROM: Joseph R. Jackman
President
Remacor, Inc.

DATE: 2/09/06

SUBJECT: Trade Deficit with China

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Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/rl

CC: Randy Fletcher



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
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February 9, 2006

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Look forward to meeting you soon.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/rl

Enclosures
CC: Bob Meneses



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA UPS OVERNIGHT MAIL

February 8, 2006

Mr. Mark Peterson
Managing Director
CL Fund
1920 Gulf Tower
707 Grant Street
Pittsburgh, PA 15219

RE: Equity for Remacor, Inc.

Dear Mark:

Pursuant to our conversation today, we are seeking \$500,000 in equity or subordinated debt as part of a refinancing package. I have enclosed a copy of our Business Review, which gives you an overview of the business and the opportunity it represents and a copy of our Proforma Financial Statements. In addition, I have included copies of other pertinent information that I felt would be helpful to you in reviewing this opportunity.

Essentially, we are the only company in the U.S. that has patented technology and know-how to process/recycle certain types of magnesium scrap into magnesium granules, which are sold into the steel industry for hot metal desulfurization.

We began operations as Remacor, Inc. on March 1, 2004 and operated with 35 employees until our warehouse fire on August 6, 2005. Since our fire, we have been operating at a reduced level. We are generating some income by receiving and inventorying our raw materials. As I mentioned, we generate about \$30,000-\$40,000 per month on the fees we charge to process the various forms of magnesium scrap. This has been keeping us alive until we can get our insurance claim settled and secure our refinancing.

Lloyds of London, our insurance carrier, has disputed the \$800,000 claim on the basis of misinformation on the application. Although they are disputing the claim, they made a compromise settlement offer of \$400,000. We refused that offer and hired Pietragallo, Bosick & Gordon of Pittsburgh to represent us. After their investigation, PBG has recommended to Lloyds that they pay the claim in full. We hope to have this resolved within the next 30 days.

"It's Performance That Counts"

We have taken the time, over the past five months; to redesign our processing operation increasing production from 4,000 to 14,000 lbs/shift. We have also incorporated a water filtration and recycling system to eliminate waste water disposal and reduce our detergent cost. We have taken the data from the prototype system I mentioned and redesigned the system to increase production and reduce costs based on the data obtained from our six months of operation prior to the fire.

Our refinancing package consists of three parts. The first part is a federal grant. Last November, I contacted the Deputy Secretary of the Department of Environmental Protection of Pennsylvania (EPA) to see if a state or federal grant was available in view of our recycling of hazardous waste activities. He was very positive and put me in touch with the Pennsylvania Recycling Market Center and the Pennsylvania Technical Assistance Program (PENNTAP). The PRMC was created by the U.S. EPA specifically to help companies like Remacor, Inc. in all areas. The timeline on the grant is six to twelve months. I have included a letter from Bob Meneses of the PRMC regarding their assistance in securing a grant. We have already hired a grant writer and this process has started.

The second part of our refinancing package is for the equipment expansion. PENNTAP has introduced us to the Mahoning Valley Economic Development Corporation who has agreed to go forward with a \$1.0 million SBA 504 loan. Obviously, with the subordinated debt possibility, we would much rather do this project with the CL Fund. We are presently talking with several banks as we will need a commitment letter from the bank on the 50% portion.

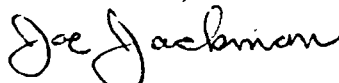
The third part of our refinancing package is the equity or subordinated debt portion for working capital. We need to secure \$350,000 to \$500,000 in equity. Once the equity has been secured, the SBA 504 loan should fall into place.

I am also enclosing an e-mail I received from Terry Horth of Meridian Technologies, Inc. of Canada and my response. MTI is the largest magnesium die-caster in the world and is owned by Fiat and Norsk Hydro. Careful review of this correspondence clearly reveals the opportunity Remacor has with its technology and production capacity. I have highlighted in yellow the pertinent parts of the correspondence.

If you have any questions or want additional data, please give me a call. I am looking forward to your comments and hope you will consider this project.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

- Business Review
- Proforma
- Letter from PRMC
- Recycling Hazardous Mg Waste
 - 1st Phase
 - 2nd Phase
- Abstract/Summary
- Monthly Sales & Invoice
- Correspondence from Terry Horth

JRJ/mjl

Enclosures



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

February 8, 2006

Mr. Paul DeArment
Vice President
Sky Bank
101 E. East Washington Street
New Castle, PA 16101

BCC: CW
RL

RE: Proof of Insurance

Dear Paul:

As you know, our fire of August 6, 2005 has shut down operations. We only have five out of 35 employees working at the present time. We are presently still trying to get our insurance claim settled. Our law firm is having discussions with the attorney for Lloyds of London and we should have a claim settlement by March 1. In addition, we are having discussions with several equity investment groups as part of a refinancing package, which we hope to have completed by April 1st.

Lloyds would not renew our insurance policy for the equipment and machinery coverage when the policy expired on August 20, 2005. We have had discussions with Mike Pope of A.L. Kayafas Agencies. Mr. Pope is in the process of obtaining quotes and assures us that we will have adequate insurance coverage on the equipment and machinery when operations begin. We anticipate restarting sometime in April and will send you proof of insurance at that time pursuant to our agreement.

In view of our shut down operation and tight cash situation, we don't have the funds to make the down payment on the insurance at this time. It is a real struggle just to find the cash to pay the telephone, electricity, internet and other absolute necessities in order to just keep the doors open. If you have any questions, please don't hesitate to contact me. Again, we realize we are not in compliance with our loan agreement at the present time, but are confident that we will have everything in place and be back in business sometime in April.

Sincerely,

REMACOR, INC.

Joe Jackman
Joseph R. Jackman
President

JRJ/mjl

CC: Mike Pope, A.L. Kayafas Agencies

Confirmation Report - Memory Send

Page : 001
Date & Time: 08-Feb-06 10:09
Line 1 : 724-535-7761
Machine ID : REMACOR WEST PGH

Job number : 784
Date : 08-Feb 10:08
To : 724 598 8900
Number of pages : 001
Start time : 08-Feb 10:08
End time : 08-Feb 10:09
Pages sent : 001
Status : OK

Job number : 784

*** SEND SUCCESSFUL ***



Office of the President

February 8, 2006

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Mr. Paul DeArment
Vice President
Sky Bank
101 E. East Washington Street
New Castle, PA 16101

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Sincerely,

REMACOR, INC.

Joe Jackman
Joseph R. Jackman
President

JRJ/mjl

CC: Mike Pope, A.L. Kayafas Agencies

"It's Performance That Counts"



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

February 8, 2006

Mr. Ed Say
Vice President Corporate Banking
S & T Bank
410 Main Street
Clarion, PA 16214

BCC: CW
RL

RE: Proof of Insurance

Dear Ed:

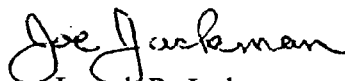
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Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

JRJ/mjl

CC: Mike Pope, A.L. Kayafas Agencies

"It's Performance That Counts"

Confirmation Report - Memory Send

Page : 001
Date & Time: 08-Feb-06 10:04
Line 1 : 724-535-7761
Machine ID : REMACOR WEST PGH

Job number : 783
Date : 08-Feb 10:03
To : 21-814 226 4329
Number of pages : 001
Start time : 08-Feb 10:03
End time : 08-Feb 10:04
Pages sent : 001
Status : OK

Job number : 783

*** SEND SUCCESSFUL ***



Office of the President

February 8, 2006

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Mr. Ed Say
Vice President Corporate Banking
S & T Bank
410 Main Street
Clarion, PA 16214

RE: Proof of Insurance

Dear Ed:

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Sincerely,

REMACOR, INC.

Joe Jackman
Joseph R. Jackman
President

JRJ/mjl

CC: Mike Pope, A.L. Kayafas Agencies

"It's Performance That Counts"



Office of the President

February 8, 2006

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Ms. Evelyn Shepley
Machinery and Equipment Loan Fund (MELF)
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120

BCC: CW
RL

RE: Proof of Insurance

Dear Ms. Shepley:

As you know, our fire of August 6, 2005 has shut down operations. We only have five out of 35 employees working at the present time. We are presently still trying to get our insurance claim settled. Our law firm is having discussions with the attorney for Lloyds of London and we should have a claim settlement by March 1. In addition, we are having discussions with several equity investment groups as part of a refinancing package, which we hope to have completed by April 1st.

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Sincerely,

REMACOR, INC.

Joseph R. Jackman
Joseph R. Jackman
President

JRJ/mjl

CC: Mike Pope, A.L. Kayafas Agencies

Confirmation Report - Memory Send

Page : 001
Date & Time: 08-Feb-06 10:03
Line 1 : 724-535-7761
Machine ID : REMACOR WEST PGH

Job number : 782
Date : 08-Feb 10:01
To : 1-717 772 2890
Number of pages : 001
Start time : 08-Feb 10:01
End time : 08-Feb 10:03
Pages sent : 001
Status : OK

Job number : 782

*** SEND SUCCESSFUL ***



Office of the President

February 8, 2006

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

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Machinery and Equipment Loan Fund (MELF)
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120

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REMACOR, INC.

Joseph R. Jackman
Joseph R. Jackman
President

JRJ/mjl

CC: Mike Pope, A.L. Kayafas Agencies

"It's Performance That Counts"

PRESENT SOURCES FOR EQUITY

1. Business Resource Group, LLC
527 North Market Street
Suite 100
Wooster, OH 44691
Don Prince
330-202-9054
 2. Valentine Companies
2650 West Hayes
Freemont, OH 43420
Max Valentine
216-346-4694 (Cell)
 3. SJF Ventures
255 South 17th Street
Suite 1301
Philadelphia, PA 19103
Dan Hoversten
215-545-1750
 4. Stonewood Capital Management, Inc.
Three Gateway Center
13 East
Pittsburgh, PA 15222
Kenn Moritz
412-391-0300
 5. Bear Metallurgical Company
679 East Butler Road
Butler, PA 16002
Kevin Jones
724-283-6800 Ext. 101
 6. Gemini Holdings, Inc.
11 Stanwix Street
Suite 1450
Pittsburgh, PA 152322
Everett Burns
412-586-0212 Ext. 321
 7. CL Fund
1900 Gulf Tower
707 Grant Street
Pittsburgh, PA 15219
Mark Peterson
412-201-2850
 8. Commonwealth Capital Group
850 Ridge Avenue
Pittsburgh, PA 15212
Eric Wissinger
412-322-1768
- Others Contacted but not Interested
9. Succession Equity Partners
Pittsburgh, PA
 10. David D'Applonia
Pittsburgh, PA
 11. Smith Evans Capital
Sharon, PA
 12. Navigation Capital
Pittsburgh, PA
 13. Birchmere Capital
Pittsburgh, PA
 14. Momentum Capital Partners
Warren, OH
 15. 3 Firms from New York

2/7/06



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA UPS OVERNIGHT MAIL

February 6, 2006

Mr. Randall P. Fletcher
205 East School Street
Box 81
Royal, IL 61871

RE: Grant Writing Proposal for Remacor, Inc.

Dear Randy:

Pursuant to our conversation last Thursday, I am enclosing data that I would like you to review regarding Remacor, Inc. After you have had a chance to review this information, please give me a call so we can discuss the next step. Your proposal to me will probably pass this package in the mail.

If you have any questions at all, please don't hesitate to give me a call. I will have a number of questions for you regarding the grant; such as, time required to write and submit and your best estimate as to the time it would take to receive the grant, assuming of course we receive approval.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

Enclosures

- Business Review
- Proforma
- Letter from PRMC
- Recycling Hazardous Mg Waste
 - 1st Phase
 - 2nd Phase
- Abstract/Summary
- Monthly Sales & Invoice
- Correspondence from Terry Horth

"It's Performance That Counts"



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA UPS OVERNIGHT MAIL

February 6, 2006

Mr. Kevin H. Jones
President & CEO
Bear Metallurgical Company
679 East Butler Road
Butler, PA 16002-9127

RE: Equity for Remacor, Inc.

Dear Kevin:

A lot of things have happened since we met last summer. Although we had not been successful in our search for additional equity last summer, we did get our raw material situation straightened around and began producing at profitable levels when we had our fire last August 6. We have been operating at a much reduced level, only five employees, since that time.

Lloyds of London, our insurance carrier, has disputed the \$800,000 claim on the basis of misinformation on the application. Although they are disputing the claim, they made a compromise settlement offer of \$400,000. We refused that offer and hired Pietragallo, Bosick & Gordon to represent us. After their investigation, PBG has recommended that Lloyds pay the claim in full. We hope to have this resolved within the next 30 days.

In November, I contacted the Deputy Secretary of the Department of Environmental Protection (EPA) to see if a state or federal grant was available because of our recycling of hazardous waste activities. He was very positive and put me in touch with the Pennsylvania Recycling Market Center and the Pennsylvania Technical Assistance Program (PENNTAP). Both organizations feel we more than qualify for a federal grant from the Department of Energy and we are in the process of preparing the application for a \$500,000 Invention and Innovation Grant. The timeline on the grant is 6-12 months. In addition, PENNTAP has arranged for us to secure an SBA504 \$1.0 million equipment loan through the Mahoning Valley Economic Development Corporation. The SBA 504 loan program is a 50% private lender, 40% SBA and 10% equity.

"It's Performance That Counts"

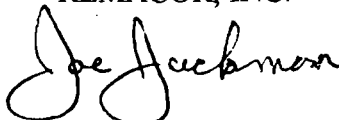
Mr. Kevin H. Jones
February 6, 2006
Page 2

We have talked to several banks and they have indicated that, if we can secure \$250,000 top \$500,000 in equity, they would be interested in our project.

Many things have changed since we talked last summer. I am enclosing some updated information for your review. If you would like to revisit this project, please give me a call.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl

Enclosures

Kevin,
I've been trying to reach you by phone. Did not leave
any messages.



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VIA UPS OVERNIGHT MAIL

February 6, 2006

Mr. R. J. McSorley, Jr.
Succession Equity Partners, LLC
125 First Avenue
Pittsburgh, PA 15222

RE: Equity for Remacor, Inc.

Dear R.J.:

A lot of things have happened since we met last summer. Although we had not been successful in our search for additional equity last summer, we did get our raw material situation straightened around and began producing at profitable levels when we had our fire last August 6. We have been operating at a much reduced level, only five employees, since that time.

Lloyds of London, our insurance carrier, has disputed the \$800,000 claim on the basis of misinformation on the application. Although they are disputing the claim, they made a compromise settlement offer of \$400,000. We refused that offer and hired Pietragallo, Bosick & Gordon of Pittsburgh to represent us. After their investigation, PBG has recommended that Lloyds pay the claim in full. We hope to have this resolved within the next 30 days.

In November, I contacted the Deputy Secretary of the Department of Environmental Protection (EPA) to see if a state or federal grant was available because of our recycling of hazardous waste activities. He was very positive and put me in touch with the Pennsylvania Recycling Market Center and the Pennsylvania Technical Assistance Program (PENNTAP). The PRMC was created by the U.S. EPA specifically to help companies like Remacor, Inc. in all areas. Both organizations feel we more than qualify for a federal grant from the Department of Energy and we are in the process of preparing the application for a \$500,000 Invention and Innovation Grant. The timeline on the grant is probably 6-12 months. In addition, PENNTAP has arranged for us to secure an SBA504 \$1.0 million equipment loan through the Mahoning Valley Economic Development Corporation. The SBA 504 loan program is a 50% private

Mr. R. J. McSorley
February 6, 2006
Page 2

lender, 40% SBA and 10% equity. We have talked to several banks and they have indicated that, if we can secure \$250,000 top \$500,000 in equity, they would be interested in our project.

Many things have changed since we talked last summer. I am enclosing some updated information for your review. If you would like to revisit this project, please give me a call.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl

Enclosures

RJ,

I've been trying to reach you by phone. Did not want to leave any messages.

Joe

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VIA UPS OVERNIGHT MAIL

February 6, 2006

Mr. Max Valentine
Valentine Companies
2650 West Hayes
Freemont, OH 43420

RE: Equity for Remacor, Inc.

Dear Max:

A lot of things have happened since we met in November of 2004. Although we had not been successful in our search for additional equity last spring, we did get our raw material situation straightened around and began producing at profitable levels when we had our fire last August 6. We have been operating at a much reduced level, only five employees, since that time.

We are generating some income by receiving and inventorying our raw materials. As I mentioned, we generate about \$30,000-\$40,000 per month on the fees we charge to process the various forms of magnesium scrap. This has been keeping us alive until we can get our insurance claim settled and secure our refinancing.

Lloyds of London, our insurance carrier, has disputed the \$800,000 claim on the basis of misinformation on the application. Although they are disputing the claim, they made a compromise settlement offer of \$400,000. We refused that offer and hired Pietragallo, Bosick & Gordon of Pittsburgh to represent us. After their investigation, PBG has recommended to Lloyds that they pay the claim in full. We hope to have this resolved within the next 30 days.

We have taken the time over the past five months to redesign our SMT wash operation increasing production from 4,000 lbs to 14,000 lbs/shift. We have also incorporated a water filtration and recycling system to eliminate waste water disposal and reduce our detergent cost. We have also taken the data from the prototype OMS system and redesigned the system to

increase production and reduce costs based on the data obtained from our six months of operation.

Our refinancing package consists of three parts. The first part is a federal grant. Last November, I contacted the Deputy Secretary of the Department of Environmental Protection of Pennsylvania (EPA) to see if a state or federal grant was available in view of our recycling of hazardous waste activities. He was very positive and put me in touch with the Pennsylvania Recycling Market Center and the Pennsylvania Technical Assistance Program (PENNTAP). The PRMC was created by the U.S. EPA specifically to help companies like Remacor, Inc. in all areas. Both organizations feel we more than qualify for a federal grant from the Department of Energy and we are in the process of preparing the application for a \$500,000 Invention and Innovation Grant. The timeline on the grant is six to twelve months. I have included some information for your review.

The second part of our refinancing package is for the equipment expansion. PENNTAP has introduced us to the Mahoning Valley Economic Development Corporation who has agreed to go forward with a \$1.0 million SBA 504 loan. The SBA 504 program requires 50% from a private lender, 40% from the SBA and 10% equity. We are presently talking with several banks as we will need a commitment letter from the bank on the 50% portion.

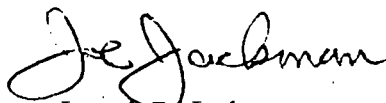
The third part of our refinancing package is the equity portion. We need to secure \$350,000 to \$500,000 in equity. Once the equity has been secured, the SBA 504 loan will fall into place.

I am also enclosing an e-mail I received from Terry Horth of Meridian Technologies, Inc. and my response. MTI is the largest magnesium die-caster in the world and is owned by Fiat and Norsk Hydro. Careful review of this correspondence clearly reveals the opportunity Remacor has with its technology and production capacity.

I have included updated information for your review. If you have any questions or want additional data, please give me a call. I am looking forward to your comments.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

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- Letter from PRMC
- JRJ/mjl • Recycling Hazardous Mg Waste
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VIA UPS OVERNIGHT MAIL

February 6, 2006

Mr. Dan Hoversten
SJF Ventures
255 S. 17th Street
Suite 1301
Philadelphia, PA 19103

RE: Equity for Remacor, Inc.

Dear Dan:

Pursuant to our conversation last Wednesday, we are seeking \$350,000 in equity as part of a refinancing package. I have enclosed a copy of our Business Review, which gives you an overview of the business and the opportunity it represents and a copy of our Proforma Financial Statements. In addition, I have included copies of other pertinent information that I felt would be helpful to you in reviewing this opportunity.

Essentially, we are the only company in the U.S. that has patented technology and know-how to process/recycle certain types of magnesium scrap into magnesium granules, which are sold into the steel industry for hot metal desulfurization.

We began operations as Remacor, Inc. on March 1, 2004 and operated with 35 employees until our warehouse fire on August 6, 2005. Since our fire, we have been operating at a reduced level. We are generating some income by receiving and inventorying our raw materials. As I mentioned, we generate about \$30,000-\$40,000 per month on the fees we charge to process the various forms of magnesium scrap. This has been keeping us alive until we can get our insurance claim settled and secure our refinancing.

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Mr. Dan Hoversten

February 6, 2006

Page 2

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The second part of our refinancing package is for the equipment expansion. PENNTAP has introduced us to the Mahoning Valley Economic Development Corporation who has agreed to go forward with a \$1.0 million SBA 504 loan. The SBA 504 program requires 50% from a private lender, 40% from the SBA and 10% equity. We are presently talking with several banks as we will need a commitment letter from the bank on the 50% portion.

The third part of our refinancing package is the equity portion. We need to secure \$350,000 to \$500,000 in equity. Once the equity has been secured, the SBA 504 loan will fall into place.

I am also enclosing an e-mail I received from Terry Horth of Meridian Technologies, Inc. and my response. MTI is the largest magnesium die-caster in the world and is owned by Fiat and Norsk Hydro. Careful review of this correspondence clearly reveals the opportunity Remacor has with its technology and production capacity.

I have included updated information for your review. If you have any questions or want additional data, please give me a call. I am looking forward to your comments.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

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JRJ/mjl

Enclosures



Office of the President

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FAX: (724) 535-7761

VIA UPS OVERNIGHT MAIL

February 6, 2006

Mr. Kenn Moritz
Stonewood Capital Management, Inc.
Three Gateway Center
13 East
Pittsburgh, PA 15222

RE: Equity for Remacor, Inc.

Dear Kenn:

Pursuant to our conversation last Wednesday, we are seeking \$350,000 in equity as part of a refinancing package. I have enclosed a copy of our Business Review, which gives you an overview of the business and the opportunity it represents and a copy of our Proforma Financial Statements. In addition, I have included copies of other pertinent information that I felt would be helpful to you in reviewing this opportunity.

Essentially, we are the only company in the U.S. that has patented technology and know-how to process/recycle certain types of magnesium scrap into magnesium granules, which are sold into the steel industry for hot metal desulfurization.

We began operations as Remacor, Inc. on March 1, 2004 and operated with 35 employees until our warehouse fire on August 6, 2005. Since our fire, we have been operating at a reduced level. We are generating some income by receiving and inventorying our raw materials. As I mentioned, we generate about \$30,000-\$40,000 per month on the fees we charge to process the various forms of magnesium scrap. This has been keeping us alive until we can get our insurance claim settled and secure our refinancing.

Lloyds of London, our insurance carrier, has disputed the \$800,000 claim on the basis of misinformation on the application. Although they are disputing the claim, they made a compromise settlement offer of \$400,000. We refused that offer and hired Pietragallo, Bosick & Gordon of Pittsburgh to represent us. After their investigation, PBG has recommended to Lloyds that they pay the claim in full. We hope to have this resolved within the next 30 days.

Mr. Kenn Moritz

February 6, 2006

Page 2

We have taken the time, over the past five months; to redesign our SMT wash operation increasing production from 4,000 to 14,000 lbs/shift. We have also incorporated a water filtration and recycling system to eliminate waste water disposal and reduce our detergent cost. We have also taken the data from the prototype OMS system and redesigned the system to increase production and reduce costs based on the data obtained from our six months of operation.

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The second part of our refinancing package is for the equipment expansion. PENNTAP has introduced us to the Mahoning Valley Economic Development Corporation who has agreed to go forward with a \$1.0 million SBA 504 loan. The SBA 504 program requires 50% from a private lender, 40% from the SBA and 10% equity. We are presently talking with several banks as we will need a commitment letter from the bank on the 50% portion.

The third part of our refinancing package is the equity portion. We need to secure \$350,000 to \$500,000 in equity. Once the equity has been secured, the SBA 504 loan will fall into place.

I am also enclosing an e-mail I received from Terry Horth of Meridian Technologies, Inc. and my response. MTI is the largest magnesium die-caster in the world and is owned by Fiat and Norsk Hydro. Careful review of this correspondence clearly reveals the opportunity Remacor has with its technology and production capacity.

I have included updated information for your review. If you have any questions or want additional data, please give me a call. I am looking forward to your comments.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

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JRJ/mjl

Enclosures



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

January 30, 2006

Mr. John D. Kline
Senior Vice President
First National Bank
Commercial Lending
One F.N.B. Blvd – 5th Floor
Hermitage, PA 16148

RE: Data Sent to Mahoning Valley Economic Development Corporation

Dear John:

Enclosed is the data we gave Linda Rolfe of the MVEDC. I have also included an Update of Activities submitted to the shareholders and subordinated debenture holders last week. It gives you a snapshot of the status of the various activities of the company along with supporting Exhibits.

The Proforma Financial Statements that were submitted to Rolfe are included in the Update of Activities report as Exhibit 4.

If you need any other information, please call. Thanks for taking the time to meet with us today. Will keep you informed.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

Enclosures



P. O. Box 366, Route 168
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(724) 535-4357
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Office of the President

VIA UPS OVERNIGHT MAIL

TO: Bob Meneses
Market Development Manager
PA Recycling Market Center

BCC: cw

FROM: Joseph R. Jackman
President
Remacor, Inc.

DATE: 1/30/06

SUBJECT: **Visit to West Pittsburg on February 8 (Tentative)**

Bob, I am looking forward to your visit of February 8. I would like to be in a position by that time to have finalized our choice of Grant areas. It appears, from our discussions, that the Best Practices Program within the Industrial Technologies Program from the U.S. Department of Energy is the area that best fits our match with the key objectives of the program. The objective of the Best Practices Program is to save 197 trillion BTUs by 2010. Our net annual savings on recycling 5000 tons per year of magnesium granules is 137 million kwh or 461 billion BTUs per year, which is very significant for one plant. I'm not sure of the size of the grant we could obtain.

However, not only do we have a very significant energy savings, we recycle hazardous magnesium waste into a saleable product and create jobs, as you well know. I don't know how the DOE would view those particular areas when they probably fall within the EPA's responsibilities. In any event, we would like to move forward. The total project cost will probably be around \$1.0 million and take about two years to complete. In addition, I hope you can select a grant writer for us. I did not realize how important this was or how much work would be involved.

I'm going to be out of the office Tuesday, 1/31, Wednesday and Thursday of this week. I will be back on Friday. Looking forward to our meeting. We will fax you directions.

Incidentally, I have enclosed some data on grant writers and the DOT's Industrial Technologies Program. You probably already have this data.

Sincerely,

"It's Performance That Counts"

DRAFT

REMACOR, INC.
UNSOLICITED PROPOSAL
FOR AN
INVENTIONS AND INNOVATION PROGRAM GRANT
U.S. DEPARTMENT OF ENERGY

ABSTRACT

Remacor, Inc. is a small company located in western Pennsylvania. Remacor developed technology in 1987 to recycle hazardous oily magnesium turnings into a saleable magnesium granule product which is sold into the steel industry. The market for magnesium granules used for hot metal desulfurization in the steel industry in North America is 30,000 TPY (\$66.0 million). No other company in North America has this technology or recycling capability for certain types of magnesium waste materials.

In April of 2004, Remacor received a U.S. Patent on an improved process for that technology and are in the process of further process development on the patented technology. Presently, Remacor is the only company that has the technology and production capability to process most forms of magnesium scrap waste materials. These are scrap materials that cannot be recovered through remelting by secondary magnesium smelters. Most of the materials recycled would normally have to be landfilled as hazardous waste materials.

In October of 2004, \$200,000 was borrowed from MELF (PA Department of Community and Economic Development) to install a prototype operation to develop the process parameters to recycle other types of magnesium scrap waste products through a similar system.

The process development for production rates, sizing parameters for the crushing mills, recoveries, water recirculation system parameters and production costs were all successfully completed. Sufficient data from our prototype operation has been obtained and the company now wants to install a production sized operation and complete the R&D work on the water filtration and recycling system. This system is fairly complex as solid fines and a water soluble cutting oil have to be separated and removed. The project would be part R&D work and part expansion of all the other process technology that has been developed over the past two years. The estimated cost for the entire project would be approximately \$1.0 million and should take about two years to complete.

The most significant items resulting from this research and development and project expansion is the technology and production capability to recycle a hazardous magnesium waste into a magnesium granule used for hot metal desulfurization in the steel industry. This process has the capability of reducing landfilling of 6000-8000 tons per year of various forms of magnesium waste products by approximately 70-80%. The recovered product, 5000 tons per year of

magnesium granules, results in an annual net energy savings of approximately 135 million kwh. The plant provides 42 jobs and generates \$15-\$20 in annual sales that offsets imports of magnesium granules from China. The sales of Remacor's magnesium granules to the steel industry in the United States helps reduce the trade deficit with China as the Chinese have captured 97% of the magnesium granule market for desulfurization in the United States.

The successful completion of this project also eliminates a huge potential problem for the magnesium industry. Finely divided magnesium, turnings, chips and fines have long been classified as Department of Transportation "DOT Hazardous". The implications of this are that the types of magnesium materials are regulated in packaging, identification and transportation. The completion of this project and the success of Remacor, as a recycler of these types of hazardous materials, eliminate the possibility of the U.S. EPA classifying these "hazardous materials" as "hazardous wastes". The cost of dealing with "magnesium hazardous waste" by the magnesium industry in the U.S. would be substantial.

1/24/06



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
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FAX: (724) 535-7761

January 27, 2006

Mr. Donald Prince
Business Research Group, LLC.
Suite 100
527 North Market Street
Wooster, OH 44691

Dear Don:

Enclosed are the financial statements. The 2004 statement only represented our first four months. If you have any questions regarding there statements I will have Chuck Willison, our CFO, give you a call.

I am also enclosing an e-mail I received from Terry Horth of Meridian Technologies, Inc. and my response. MTI is the largest magnesium die-caster in the world and is owned by Fiat and Norsk Hydro. Careful review of this correspondence clearly reveals the opportunity Remacor has with its technology and production capacity.

I will give you a call Monday afternoon to further discuss.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/rl



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Office of the President

TO: Gary E. Linsted
Howard E. Campbell
Alexander L. Rhomberg
Thomas H. Logan
James H. Rich
Irv Gruber
Raymond Hollis
Brian O'Donnell

BCC: CW
MJL

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: January 24, 2006

SUBJECT: **Update of Activities since Last Report of October 12, 2005**

1. Financial Results for January

Enclosed are the financial results for January. We had an exceptionally good month under the circumstances. We had a profit of \$31,687 on sales of \$62,508 and the sale of some obsolete equipment for \$23,500. This was an exceptional month. January's results should also be profitable. We are just trying to survive and are watching our cash very closely. Obviously, we have reduced our expenditures in an attempt to match our income. See Exhibit 1.

2. Sky Bank

Sky Bank, S&T Bank (briquetter loan) and MELF have all granted us a moratorium on all principal payments until we get the plant restarted. We are able to keep our interest payments with the banks current and have a moratorium until May 1.

3. Insurance Claim

Lloyds has indicated to us that we filed misinformation on our application for the insurance. They stated, however, that they would be willing to settle the claim for an additional \$200,000 or a total of \$400,000 on an \$822,000 claim. We rejected the compromise settlement offer and hired the law firm of Pietragallo, Bosick & Gordon to represent us in this case. After one month of investigation, Lou Long, the attorney for PB&G indicated that there was no misrepresentation and requested Lloyds to pay the claim in full. I have attached copies of Lou Long's letters to Lloyds. We must get this claim resolved by

March 1 as we will need these funds, in addition to our processing fees, in order to continue partial operations. See Exhibit 2.

4. Startup Scheduled for April/May

As I mentioned in my report of October 12, we will need \$250,000 in working capital to restart the plant. In getting the briquetter operational, all the other repairs to the electrical distribution lines and the equipment listed under the 1st Phase, the total equipment cost is \$250,000. This is shown under the 1st Phase equipment installation on the Monthly Sales & Income Forecast. We would have the capability of producing six trucks of reagent per month but have only forecasted sales of four. By installing another \$750,000 of equipment in the 2nd Phase, we can almost double sales and increase profitability dramatically. Our production capability would be 12 trucks of reagent production per month. See Exhibit 3.

5. Equity Investor for \$500,000

We have been having discussions with four different equity investment firms to raise an additional \$500,000 for 25% of the shares of Remacor, Inc. This is key to our refinancing as we need to get the plant equipment expanded to the point where we can produce enough product to generate profits. Last year, our prototype OMS operation was not sufficient to produce the volume that was forecasted. We will not make that mistake again.

One firm, Business Resources Group, LLC from Wooster, Ohio seems to have the highest interest at this point. They are aware of our efforts to secure a \$1.0 million SBA 504 loan through the Mahoning Valley Economic Development Corporation from Youngstown, Ohio. Obviously, the equity investment almost guarantees the SBA loan. Enclosed is a copy of the Proforma Financial Statements Ending June 30, 2009. See Exhibit 4.

6. \$1.0 Million SBA 504 Loan

We are attempting to secure this loan through the MVEDC of Youngstown. We met with this organization this week. We will be meeting with FND Bank of Hermitage, PA on Monday to discuss a banking relationship and the possibility of their participation in the SBA program. We need a commitment letter from a private lender for 50% of the proceeds, 40% from the SBA and 10% equity participation from Remacor. Obviously, the \$500,000 equity infusion makes the new bank and the SBA loan very doable, therefore, all efforts are being focused in this area. Any help or suggestions from you would be welcome. See Exhibit 5.

7. Federal Grant for Recycling Hazardous Waste Materials

I contacted the Deputy Secretary of the PA Department of Environmental Protection Agency about a month ago wanting to know if there were any state or federal grants available for companies like Remacor – that recycle hazardous waste materials, produce a product, reduce landfilling, create jobs and saves energy. He said, absolutely and put me in touch with Bob Meneses of the PA Recycling Market Center, which is an organization created by the U.S. EPA for the purpose of assisting small companies with technical and financial assistance in developing recycling and energy-saving practices. We are also working with a Garry Miller of PENNTAP, as recommended by the Deputy Secretary.

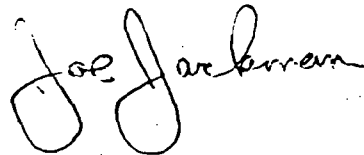
Meneses and Miller both feel we more than qualify for a federal grant based on the information listed on the "Key Factors" sheet, also included in this report. Also, both are optimistic that they can secure us a \$500,000 to \$1,000,000 grant. This application and evaluation process will probably take about 6-12 months to complete, however, we are still pursuing vigorously. I have enclosed a copy of a letter that Bob Meneses sent me regarding a grant. See Exhibits 6 and 7.

8. Prognosis for Survival

Providing we get the insurance claim settled by March 1, at the latest, and we can secure at least \$75,000-\$100,000 from the insurance proceeds (wrestling with Sky Bank), along with the income we can generate from fees we charge to process the Mg scrap and any miscellaneous equipment sales, we will be able to keep the operation going at this reduced level until May 1. We must secure the \$500,000 of equity that will allow us to secure the \$1.0 million SBA loan without any difficulty.

9. Correspondence from Meridian Technologies

We have a great opportunity. Remacor, inc. is the only company in North America that has the technology and capability of recycling some of these forms of Mg scrap into Mg granules for desulfurization in the steel industry. I have enclosed an e-mail I received from Terry Horth of Meridian Technologies of Canada, the largest magnesium die caster in the world, expressing concern by the International Magnesium Association (IMA) regarding issues brought to the attention of the IMA EHS Committee. Terry also asked me for my views on these issues. I have highlighted certain important points on the correspondence from Terry and have included my comments that were sent to him. See Exhibit 8.

A handwritten signature in black ink, appearing to read "Joe Jackson". The signature is stylized with a large, looped "J" and a cursive "Jackson".

JRJ/mjl

Enclosures



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

January 25, 2006

Mr. Bruce Rezmir
Plant Manager
Presto Casting
P.O. Box 1059
Glendale, AZ 85311

**RE: Recycling of Magnesium Turnings Proposal and the Proper
Packaging and Transportation of Magnesium Turnings**

Dear Mr. Rezmir:

We have been recycling magnesium turnings at this facility for over 20 years. As a matter of fact, we used to sell you mischmetal in the late 70s and 80s. We are not a hazardous waste disposal facility. We recycle various forms of secondary magnesium scrap into magnesium granules that are used for hot metal desulfurization in the steel industry.

We require a sample of your magnesium turnings to determine how much we will charge you per pound of material to recycle your turnings. Typically, we charge you a fee of \$0.25-\$0.75 per pound delivered packaged in 50-gallon steel drums with lids. The amount of the fee depends on volume and quality.

Regarding federal compliance of the packaging and transportation regulations for magnesium turnings, which are a hazardous material, I am suggesting you obtain the following information. You should acquire the 2004/2005 Hazardous Materials, Substances and Waste Compliance Guide for the proper packaging and transportation regulations regarding magnesium turnings. If your truck is stopped by state or federal officials for inspection and they find non-compliance with respect to packaging or proper identification of a hazardous material, the fines could be very heavy. Furthermore, magnesium turnings are extremely flammable and, if ignited, could result in a disaster. I am mailing you two videos of what happens when magnesium turnings are ignited in certain unfortunate situations.

I have outlined some of the page numbers for some of the technical descriptions and regulations from the Compliance Guide, which make it a little easier to find the correct sections.

I have also outlined Remacor's responsibilities and Presto Casting's responsibilities as shipper of a hazardous material:

I. Technical Descriptions and Regulations

1. Source – 2004/2005 Hazardous Materials, Substances and Waste Compliance Guide.

Website: www.hazmatpublishing.com

2. Material – page 217 “Magnesium Turnings”
3. Identification numbers – page 217 “UN1869”
4. Packaging - page 217 “Non-bulk Packaging”
 - page 580 “Steel Drums” 1A1 or 1A2
 - page 844 “Standards for Steel Drums”
5. Reuse of Steel Drums – page 484, Section 173.28
6. Markings of Packagings – page 841, Section 178.503

II. Remacor's Responsibilities in Receiving Magnesium Turnings

Remacor, Inc. is not a hazardous waste company. Remacor, Inc. uses magnesium turnings as a raw material in the production of magnesium granules used by the steel industry for desulfurization. Remacor, Inc. receives and processes magnesium turnings, which are classified as a “hazardous material”. This material must be identified, packaged and transported in compliance with the U.S. D.O.T., EPA and OSHA regulations as they appear in the Federal Register.

III. Presto Casting's Responsibility in Identification, Packaging and Transporting Magnesium Turnings

The identification, packaging and transporting are the responsibility of Presto. As a service to the suppliers of this material, Remacor, Inc., when requested, will collect and return steel drums to the suppliers after the material has been processed. We cannot guarantee that all of your drums will be emptied and available for return when you make a delivery of magnesium turnings to our plant. We do make every effort to do this when possible. However, winter months and freezing weather sometimes cause us problems in that regard.

IV. Recycling of Drums

If you want your drums returned, they must be identified with your company name, initials or similar markings. We are not responsible for normal wear and tear on these drums and will return all drums, lids and lock rings. Reuse of the drums and the cost of replacement is the responsibility of Presto Casting in accordance with the provision outlined in the 2004/2005 Hazardous Materials, Substances and Wastes Compliance Guide.

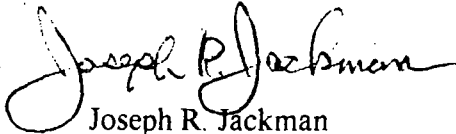
In view of your low volume, you may want to store the Mg turnings outside in 50-gallon steel drums in a safe area until you accumulate about 10,000 to 15,000 pounds. This would minimize your freight costs and enable us to recycle your drums. Assuming you can get 125 pounds in a 50-gallon drum; a 10,000-15,000 shipment could represent about 80 to 120 drums and would certainly justify a round trip to return empty drums. You will have to study the various economic scenarios to fit your circumstances. If you have outside storage area, it will enable you to significantly reduce your overall disposal cost.

A small (1/8") hole must be drilled on the side of the drum near the top or buying lids with bungs that can be fitted with special vent plugs. See the attached info from American Flange and Rieke on these special vent plugs. The majority of the companies that ship this material to us just put several small holes in the side of the drums near the top. It is important to have these holes to prevent any buildup of hydrogen gas pressure in a sealed drum, which could possibly cause serious problems.

I have also enclosed a sample Bill of Lading. If you have any further questions, please don't hesitate to call me or Marilyn Langford, our traffic coordinator.

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

JRJ/mjl

Enclosures:

American Flange Correspondence
Rieke Packaging Systems Correspondence
Sample Bill of Lading
KDKA News Video (3/6/2002)
Ohio Briquetting Mg Fire Video (11/15/2002)



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

January 25, 2006

Mr. David Samberg
Premier Metals
1427 West 86th Street #182
Indianapolis, IN 46260

**RE: Recycling of Magnesium Turnings Proposal and the Proper
Packaging and Transportation of Magnesium Turnings**

Dear David:

We have been recycling magnesium turnings at this facility for over 20 years. We are not a hazardous waste disposal facility. We recycle various forms of secondary magnesium scrap into magnesium granules that are used for hot metal desulfurization in the steel industry.

We require a sample of your magnesium turnings to determine how much we will charge you per pound of material to recycle your turnings. Typically, we charge you a fee of \$0.25-\$0.75 per pound delivered packaged in 50-gallon steel drums with lids. The amount of the fee depends on volume and quality.

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I have outlined some of the page numbers for some of the technical descriptions and regulations from the Compliance Guide, which make it a little easier to find the correct sections. I have also outlined Remacor's responsibilities and Premier's responsibilities as shipper of a hazardous material:

I. Technical Descriptions and Regulations

1. Source – 2004/2005 Hazardous Materials, Substances and Waste Compliance Guide.

Website: www.hazmatpublishing.com

2. Material – page 217 “Magnesium Turnings”
3. Identification numbers – page 217 “UN1869”
4. Packaging - page 217 “Non-bulk Packaging”
 - page 580 “Steel Drums” 1A1 or 1A2
 - page 844 “Standards for Steel Drums”
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III. Premier’s Responsibility in Identification, Packaging and Transporting Magnesium Turnings

The identification, packaging and transporting are the responsibility of Premier. As a service to the suppliers of this material, Remacor, Inc., when requested, will collect and return steel drums to the suppliers after the material has been processed. We cannot guarantee that all of your drums will be emptied and available for return when you make a delivery of magnesium turnings to our plant. We do make every effort to do this when possible. However, winter months and freezing weather sometimes cause us problems in that regard.

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If you want your drums returned, they must be identified with your company name, initials or similar markings. We are not responsible for normal wear and tear on these drums and will return all drums, lids and lock rings. Reuse of the drums and the cost of replacement is the responsibility of Premier in accordance with the provision outlined in the 2004/2005 Hazardous Materials, Substances and Wastes Compliance Guide.

In view of your low volume, you may want to store the Mg turnings outside in 50-gallon steel drums in a safe area until you accumulate about 10,000 to 15,000 pounds. This would minimize your freight costs and enable us to recycle your drums. Assuming you can get 125 pounds in a 50-gallon drum; a 10,000-15,000 shipment could represent about 80 to 120 drums and would certainly justify a round trip to return empty drums. You will have to study the various economic scenarios to fit your circumstances. If you have outside storage area, it will enable you to significantly reduce your overall disposal cost.

I explained about either drilling a small (1/8") hole on the side of the drum near the top or buying lids with bungs that can be fitted with special vent plugs. See the attached info from American Flange and Rieke on these special vent plugs. The majority of the companies that ship this material to us just put several small holes in the side of the drums near the top. It is important to have these holes to prevent any buildup of hydrogen gas pressure in a sealed drum, which could possibly cause serious problems.

I have also enclosed a sample Bill of Lading. If you have any further questions, please don't hesitate to call me or Marilyn Langford, our traffic coordinator.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl

Enclosures:

American Flange Correspondence
Rieke Packaging Systems Correspondence
Sample Bill of Lading
KDKA News Video (3/6/2002)
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Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

January 25, 2006

Mr. Robert Meneses
Market Development Manager
Pennsylvania Recycling Market Center
777 West Harrisburg Pike
Middletown, PA 17063

RE: E-mail from Meridian Technologies, Inc.

Dear Bob:

The attached e-mail from Meridian Technologies, Inc. and my e-mail response, dramatically points out the importance of Remacor, Inc. within the magnesium diecasting industry. MTI is owned by Fiat, the automobile producer and Norsk Hydro, the Norwegian magnesium producer. MTI is the world's largest magnesium diecaster.

I have highlighted the areas of significance on both Terry Horth's e-mail and my response. The important point in all this correspondence is that MTI and the International Magnesium Association (IMA) are concerned about the increasing regulatory issues that could seriously impact the magnesium industry in the U.S. and Canada. Keep in mind when you are reading this information that Remacor, Inc. is the only company in North America (and Europe) that has the technology and production capability to process/recycle various forms of magnesium waste products such as magnesium turnings, fines, drosses and other oily Mg scrap.

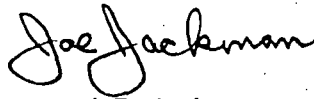
I believe my response to Terry clearly points out how important Remacor is to the magnesium industry. It is beyond me why MTI and other magnesium diecasters are not pursuing an equity position in Remacor. Obviously, our recycling activities in this area in the past have been a small part of a much larger business and we don't have a track record as Remacor, Inc. at this time. However, it should be obvious the opportunity that Remacor has in this area. We literally have a monopoly on this activity and should make a lot of money if we can get this company financed. You can see, if Remacor disappeared, the disposal cost to the magnesium industry for these materials would be horrendous.

Mr. Robert Meneses
January 25, 2006
Page 2

We somehow have to convince the potential equity investors of this situation. I thought this info would be helpful in conveying the importance of Remacor to the magnesium industry and the investment opportunity it represents.

Sincerely,

REMACOR, INC.

A handwritten signature in black ink that reads "Joe Jackman". The signature is written in a cursive, flowing style.

Joseph R. Jackman
President

JRJ/mjl

CC: S. Garry Miller

Enclosures (2)



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

January 25, 2006

Mr. Paul Petrovich
University of Pittsburgh Business Center
230 South Bouquet Street
1800 Posvar Hall
Pittsburgh, PA 15260

RE: Remacor, Inc. Refinancing

Dear Paul:

This is a similar version of the letter I sent to Tom Palisin. I have enclosed a copy of Remacor, Inc.'s Business Review and Proforma Financial Statements. The Business Review gives you a complete history of Reactive Metals & Alloys Corporation (Remacor), the formation of Remacor, Inc. and our business opportunity.

Remacor, Inc. acquired the assets of Rossborough-Remacor, LLC in January 2004 to further develop the processing technology for the production of magnesium granules from secondary magnesium scrap. Magnesium granules are used in the steel industry for hot metal desulfurization. This material is all imported from China for the entire steel industry in North America. The total market is 30,000 TPY.

Since the production of Mg granules was a minor activity for RRLLC at the West Pittsburg facility after the merger of Rossborough and Reactive Metals & Alloys Corporation in 2001, Remacor, Inc. received approval from MELF (PA Department of Community and Economic Development) in October 2004 to borrow \$1.2 million to install the equipment. We decided to do the project in steps rather than all at one time and revised our loan package to \$200,000. After the installation of the prototype operation, which was in a developmental stage, we went back to MELF in January of 2005 to get additional funds for the additional equipment installation. MELF informed us at this time that they had run out of money and we would have to wait until July to reapply. We decided at that time, because of the amount of time and effort involved with MELF to seek funding elsewhere.

After a year of testing and modifying the equipment, we finally began to produce enough product to be profitable when we had a fire in our warehouse last August. Incidentally, we were

"It's Performance That Counts"

Mr. Paul Petrovich

January 25, 2006

Page 2

completely sold out and could not meet the demand because of insufficient equipment. Since the fire, we have been operating at a much reduced level. Our insurance company has disputed the \$800,000 claim. We engaged a law firm from Pittsburgh and are close to settling the claim with the insurance company. At the time of the fire, we had a total of 35 people working at the plant. We want to get the plant restarted by April 1.

We want to install additional production equipment that will increase our production capacity from 1000 TPY to 2500 TPY. I have enclosed a Monthly Sales and Income Forecast showing some key factors on the equipment installation in which our total equipment cost would be \$1,000,000. We have received interest from an investor group for \$500,000 in equity providing we can secure the equipment financing. Our additional working capital requirement would be \$250,000. This then would require a \$750,000 equipment loan that we would like to borrow under the SBA 504 loan program. We have already met with folks from the Mahoning Valley Economic Development Corporation of Youngstown, Ohio, upon the recommendation of Garry Miller of PENNTAP, and they have indicated that we qualify and they would be happy to work with us. However, they need a commitment letter from a private lender/bank for \$500,000. The SBA 504 program is 50% private lender, 40% SBA and 10% equity.

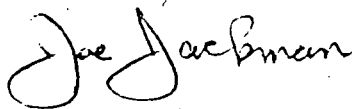
Paul, the key to this whole refinancing package is the \$500,000 equity that we must raise. If we can secure the equity, the SBA loan should not be a problem. This is probably the area in which you can help us the most.

We are also working with Bob Meneses of the PA Recycling Market Center and Garry Miller of PENNTAP. Bob is working on trying to secure us a federal grant and Garry is pursuing different avenues of financing. Garry made the MVEDC contact. Obviously, the grant is a 6-12 month project and our immediate survival depends on the equity infusion and the SBA 504 loan.

Give me a call after you have reviewed this info. Any help you can give would be more than appreciated.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl

CC: Thomas Palisin

Enclosures (3)



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA UPS OVERNIGHT MAIL

January 24, 2006

Mr. Eric A. Wissinger
Managing Director
Commonwealth Capital Group
850 Ridge Avenue
Pittsburgh, PA 15212

RE: Equity Investment in Remacor, Inc.

Dear Eric:

We are still looking for \$250,000-\$500,000 in equity. We almost had a deal put together with Gemini but the fire of last August 6 stopped that transaction.

We are finally close to settling our insurance claim. We had to engage the services of Pietragallo, Bosick & Gordon to get the issue resolved with Lloyds of London on an \$800,000 claim.

We are having discussions with several other banks on a \$1.0 million SBA 504 loan. We also have the Pennsylvania Recycling Market Center attempting to help us secure a federal grant of \$1.0 million. The PRMC is an organization created by the U.S. EPA specifically to help small businesses develop recycling and energy saving practices. The "Key Factors" sheet that is attached has Bob Meneses of PRMC and Garry Miller of PENNTAP optimistic that Remacor can obtain a federal grant. The timeline, however, is probably 6-12 months. We are still vigorously pursuing this opportunity.

We have the grant opportunity, the SBA 504 loan and the equity contribution. A \$500,000 equity infusion certainly would enhance our ability to secure a commitment letter from any participating bank providing the company the ability to finally secure the funds to expand the operation to generate the sales and income shown on the Monthly Sales and Income Forecast under the 2nd Phase equipment installation

Mr. Eric A. Wissinger

January 24, 2006

Page 2

I am also enclosing a copy of our latest Proforma Financial Statements based on securing the equity and SBA loan. I will give you a call next week, after you have had a chance to review, to see if you can give me another recommendation on a potential investor.

Hope you had a nice holiday season and your business forecast is good for the coming year.

Sincerely,

REMACOR, INC.

A handwritten signature in cursive script, appearing to read "Joe".

Joseph R. Jackman
President

JRJ/mjl

Attachments



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA UPS OVERNIGHT MAIL

TO: Robert Meneses
Market Development Manager
Pennsylvania Recycling Market Center

FROM: Joseph R. Jackman
President
Remacor, Inc.

DATE: 1/24/06

SUBJECT: **Remacor, Inc. Grant Proposal**

Bob, after reviewing the DOE's types of financial assistance, it appears that Remacor might qualify for an unsolicited proposal for a grant from the office of the Energy Efficiency and Renewable Energy (EERE) or the Inventions and Innovation Program. I am attaching data I pulled off the internet last week.

I have drafted a short Abstract on our project.

How long do you think it will take for you to find a proper "match" for Remacor? The unsolicited proposal sounds very practical. Please give me your comments.

JRJ/mjl

CC: S. Garry Miller, PENNTAP

Attachments

ABSTRACT

Remacor, Inc. is a small company located in western Pennsylvania. Remacor developed technology in 1987 to recycle hazardous oily magnesium turnings into a saleable magnesium granule product which is sold into the steel industry. The market for magnesium granules used for hot metal desulfurization in the steel industry in North America is 30,000 TPY (\$66.0 million). No other company in North America has this technology or recycling capability for certain types of magnesium waste materials.

In April of 2004, Remacor received a U.S. Patent on an improved process for that technology and are in the process of further process development on the patented technology. Presently, Remacor is the only company that has the technology and production capability to process most forms of magnesium scrap waste materials. These are scrap materials that cannot be recovered through remelting by secondary magnesium smelters. Most of the materials recycled would normally have to be landfilled as hazardous waste materials.

In October of 2004, \$200,000 was borrowed from MELF (PA Department of Community and Economic Development) to install a prototype operation to develop the process to recycle other types of magnesium scrap waste products through a similar system.

The process development for production rates, sizing parameters for the crushing mills, recoveries, water recirculation system and production costs were all successfully completed. Sufficient data from our prototype operation has been obtained and the company now wants to install a production sized operation and work in conjunction with an equipment supplier in completing the R&D work on the water filtration and recycling system. The system is fairly complex as solid fines and a water soluble cutting oil have to be removed. The project would be part R&D work and part commercialization of all the other process technology that has been developed over the past two years. The estimated cost for the entire project would be approximately \$1.0 million and should take about one year to complete. The R&D project will result in a facility that has the capabilities outlined on the "key factor" sheet which is attached.

REMACOR, INC.
RECYCLING HAZARDOUS MAGNESIUM WASTE
INTO MG GRANULES FOR THE STEEL INDUSTRY

KEY FACTORS

1. Recycles 6000 TPY of hazardous Mg waste using patented technology into a product used in the steel industry.
2. Paid a fee to recycle most of the waste materials.
3. Reduces landfilling requirements by 86%.
4. Creates 46 jobs now and approximately 75 over three years.
5. Can produce 5000 TPY of recycled Mg granules valued at \$10.0 million that offsets imported Chinese Mg.
6. Market for Mg granules in the North American steel industry is 30,000 TPY (\$66 million) all imported from China.
7. Can generate sales of \$15-20 million with an EBITDA of \$3-4 million over the next three to four years.
8. Annual net energy savings achieved by recycling 5000 TPY of Mg granules is 135 million kwh or approximately \$8.0 million

1/17/06



P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Office of the President

VIA FAX
412-261-5295

TO: Louis Long, Esq.
Pietragallo, Bosick & Gordon, LLP

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 1/18/06

SUBJECT: Insurance Claim with Lloyds

Lou, this delay in the settlement of the insurance claim has been very costly to us. We have depleted our working capital just to stay alive over the past five months. We have also been notified by one of our best customers that they are not going to ship material to us for processing until we get the plant operational because of potential environmental problems. Other Mg diecasters/customers are getting concerned about our startup date and could take the same action. We are seeing a drop in shipments received for processing. This is the only source of income we have until startup. If our customers divert their material to others, we may never get it back. We must get some resolution as soon as possible. I am very concerned about our ability to survive much longer.

Please keep in mind, if we don't get a full settlement, and quickly, I will have to shut the plant down and it will become a superfund site because of the huge inventory of hazardous secondary magnesium scrap we have on inventory at the plant. This material would be reclassified as "hazardous waste" if our plant is shut down. No other company in the United States has our technology or capability to recycle these materials. We have roughly 8000 drums of raw materials that, should they become reclassified as hazardous waste and have to be landfilled at a cost of approximately \$400/drum; the total disposal cost would be \$3.2 million.

I am enclosing some information that was sent to me by Meridian Technologies that came from the International Magnesium Association regarding magnesium turnings and fines and the potential cost of dealing with this type material as a hazardous waste. The IMA is saying

Louis Long, Esq.

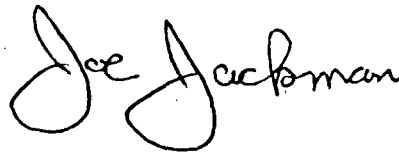
1/18/06

Page 2

disposal cost could approach \$1000/drum. We have a very serious situation that is being compounded by Lloyds' refusal to pay the claim.

In my opinion, if we have to shut down the plant, Lloyds should certainly bear total responsibility because of their refusal to pay the claim. Five months is totally unreasonable. Again, I realize that Lloyds will probably counter with a compromise offer. However, we need full payment to restart the plant. When does Lloyds cross the line in regards to a bad faith claim? In my mind, their unreasonable and unfounded refusal to pay the claim is bad faith. We paid the premiums in full. Should Lloyds be made aware of a potential \$8.0 million environmental fiasco that would be the result of their refusal to pay the full claim? In early September we informed them of the seriousness of the environmental issue and they made the \$200,000 advance. I am sending you a copy of that September letter.

JRJ/mjl

A handwritten signature in black ink that reads "Joe Jacobman". The signature is written in a cursive, flowing style with a large, stylized "J" at the beginning.



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

Certified Mail
Return Receipt Requested

September 6, 2005

BCC: JRS
CW

Mr. David Cooper
Conway, E & S, Inc.
100 Allegheny Drive
Suite 100
Warrendale, PA 15086

Dear Mr. Cooper:

Please consider this letter formal notice that 30 days has passed since the fire at our premises. To date, no advances or formal communication has been received from the insurance company, Lloyds of London, whom you represent. Therefore, please consider this letter as notice that within seven days this matter will be turned over to counsel for immediate action.

We are at the point where the company must decide whether to close and have hazardous materials stored on the premises become hazardous waste which in turn is the property of Sky Bank under a revolving line of credit agreement.

The delay by the insurance company has serious ramifications and this matter should be addressed immediately. All information requested to date has been supplied and all reports have been filed, however, should there be additional information required, please notify us immediately. We will expect a promptly response to this letter.

how, 1/18/06
we received a \$200,000
advance about 1 week later.
after this letter.
J

Sincerely,

REMACOR, INC.

Joseph R. Jackman
Joseph R. Jackman
President

JRJ/njl

To: <remacor@icubed.com>
Sent: Monday, January 09, 2006 8:03 AM
Subject: FW: Magnesium Environmental Issues

Hi Joe – I want to share some internal correspondence I received and ask that you keep it confidential between us for now.

Are you aware of these situations? I would be interested in your views on this. Does your current process address the concerns?

Issues from the IMA North American EHS Committee

Summary - This document is a brief summary of a couple of potentially important environmental regulatory issues that may affect the magnesium industry in the United States. The major issue involves the regulatory status of fine magnesium particles generated by machining magnesium castings. The other minor issue is an update on proposed regulations that will at some point in the future may affect magnesium-recycling operations.

Regulatory Actions Dealing with Magnesium Machining (Fines)

1. Presto Casting Settles for \$95,000 for Illegally Treating Hazardous Waste

From the Press (*Arizona Republic* newspaper):

The Arizona Department of Environmental Quality (ADEQ) Wednesday announced that Presto Casting will pay a \$95,000 penalty for illegally treating potentially explosive magnesium fines, or particles.

During a routine inspection of the Glendale-based aerospace company in January 2004, ADEQ inspectors caught Presto personnel treating magnesium fines, a reactive hazardous waste, with water in an open dumpster, releasing hydrogen gas.

"This was a dangerous, uncontrolled reaction because the magnesium particles were spilling out of the dumpster and releasing gas," said Steve Owens, ADEQ director. "If our inspectors hadn't intervened, this dangerous conduct could well have led to a serious fire or explosion."

Owens added that a second inspection in April 2004 revealed that Presto was still improperly treating the waste magnesium fines.

ADEQ issued two Notices of Violation, citing Presto for illegal treatment and disposal of hazardous waste, as well as failure to operate the facility in a way to prevent fires and releases, meet container management requirements, provide training to employees and post emergency information. [Press release from Arizona Dept. of Environmental Quality, dated Sept. 14, 2005].

Explanation:

Presto was cited for illegally treating "*potentially explosive magnesium fines or particles.*" In the press release, ADEQ declares that magnesium fines are a reactive hazardous waste [RCRA Class C - D003]. Under the Resource Conservation and Recovery Act (RCRA) that governs and controls hazardous wastes in the U.S., reactive hazardous wastes can only be treated under the authority of a permit. Usually, industry chooses to send hazardous wastes to authorized (permitted offsite) treatment, storage and disposal (TSD) facilities. Individual industrial sites can obtain TSD permits to handle their own hazardous waste, but to do so requires substantial bonding, insurance,

employee training, medical monitoring, closure plans, environmental monitoring, etc. In this case, ADEQ decided that 1) magnesium fines are hazardous waste, and 2) Presto was not dealing with them at a permitted facility.

Presto has settled for a fine of \$95,000 (plus, we must assume corrective measures).

It should be noted, at this point, that this determination applies only to the State of Arizona. It has no direct effect on other states; however, it may well be cited as a precedent for actions by other regulatory agencies in other jurisdictions.

There is no specific test that decides whether a material is a "reactive hazardous waste." The regulatory guidelines, in most instances, are general non-specific descriptions. This makes it difficult to objectively declare the classification of "reactive materials" which gives regulatory agencies latitude in how they choose to interpret the rules. However, the preamble language to RCRA suggests that reactive wastes are those that "because of their extreme instability and tendency to react violently or explode pose a problem at all stages of the waste management process." 45 Fed Reg 33109 (May 10, 1980.) It is likely that the magnesium industry rightly believes that magnesium machinings don't meet this characteristic.

Finely divided magnesium has long been classified as Dept. of Transportation "D.O.T. Hazardous." The implications of this are that magnesium fines are regulated in packaging and carrier type by the D.O.T. regulations when transportation is required.

Important Implications for IMA members in the U.S.

a. To our knowledge, magnesium fines from machining activities have never been regulated in the U.S. as hazardous waste. If this changes, it will markedly affect how the magnesium industry in the U.S. will deal with residues. What has been done routinely in the past will no longer be possible (or legal). If this situation is left as is, with magnesium turnings and fines classified as reactive hazardous waste, it is likely that every magnesium user/producer in the U.S. will be handling hazardous waste and will become subject to RCRA generator rules.

b. The cost of dealing with fines as reactive waste will be substantial. The cost of handling magnesium fines as reactive hazardous waste at TSD facilities will likely approach \$1,000/drum. There is no general treatment process for deactivating reactive hazardous waste specified by the regulations, they are developed as specific cases. Because magnesium fines have not previously been considered hazardous waste, no treatment standard has been developed and no existing facility is ready to take magnesium "reactive hazardous waste." This lack of authorized facilities will cause delays and problems complying with the RCRA standard should that be required.

c. The current literature published by the IMA describes processes whereby magnesium fines can be treated to "de-activate" them, so as to retard the formation of flammable/explosive hydrogen. The IMA prescribed methods involve treating the magnesium particles with sodium chloride or ferric chloride solutions. If magnesium fines are designated as reactive hazardous waste, the plans published by IMA are advising a treatment system that may be illegal to undertake in the U.S. without an authorizing permit. I'm not sure of all of the legal ramifications, but we should seek advice from our legal counsel (P. Bowman?)

Let's
→
very serious!
The cost
presently is
~\$400/drum
if we have to
Landfill.

d. In addition to magnesium machinings, it is a small jump for regulators to classify furnace sludges, flashings and other magnesium recyclables as reactive wastes. This would cause further problems and even greater expense.

Action to be taken:

- a. Monitor the situation. The IMA should stay apprized of the issue. If other regulatory actions are taken, perhaps the IMA should look for opportunities to lobby for the traditional interpretation that regulators have applied to magnesium fines.
- b. North American IMA members should be informed of the potential problems of this situation. Other similar regulatory initiatives need to be identified and addressed.
- c. It would be advisable to collect regulatory decisions that are contrary to the conclusion that fine magnesium particles are hazardous waste. I know of one such decision by the State of Ohio.

Low,
this is what
Remacor
does with
the material
J

d. Magnesium users/producers should make efforts to recycle all magnesium fines. Recyclable materials, by definition, are not wastes and cannot be considered hazardous waste. Recyclable material largely falls outside the environmental regulations. In declaring fines recyclable, there needs to be a yield of usable materials at the end of the recycling processes.

1b. Marshalltown Co. Sends Magnesium Machining Fines to Roll-Off, Inc. For Recycling

From the Press:

Arkansas Democrat Gazette

Waste Inspections Limited by Jason Schultz October 17, 2005

LOWELL - Local emergency officials said a state environmental inspector averted a potential toxic fire at a Lowell-area warehouse earlier this month when he found tons of flammable materials and hazardous chemicals, and ordered a Northwest Arkansas waste hauler to clean up the site.

But, state officials said they do not have the manpower to keep track of the hazardous waste, and federal laws do not require waste transfer stations to report the hazardous materials they are keeping to emergency personnel.

An Arkansas Department of Environmental Quality inspector reported finding 37,000 pounds of magnesium shavings at the warehouse at 11675 Mount Hebron Road, west of Lowell, on Oct. 3rd. The inspector also reported finding barrels of jet fuel and unlabeled chemicals.

Magnesium is often used in explosive devices because it burns so hot it can melt a metal, said Bill Krone, the Benton County fire marshal.

"That stuff is horrible. You can't put it out," said Beaver Lake Fire Chief Andy Jaeger, one of the 35 members of the regional hazardous materials response team in Benton and Washington counties.

... A business that stores hazardous waste for other businesses for more than 10 days must also get a permit, said Doug Szenher, spokesman for the state Environmental Quality Department. Inspectors examine the 12 permitted hazardous waste disposal and storage sites once every six months, Szenher said.

State officials considered the Mount Hebron Road warehouse a transfer station. Ezell said. It had become an unpermitted hazardous waste storage facility by the time the inspector found it, he said.

Barker said he was surprised when he learned how much hazardous waste had been found in the warehouse. Barker said he also would like to see more inspection and supervision from the state . . .

... Ezell of the state Environmental Quality Department said investigators are still looking into the storage problems at the Roll Off warehouse and are investigating at least five possible violations, such as failure to keep the site secure, failure to label chemicals and improper storage. Each violation carries a maximum penalty of \$ 25,000 per day.

Explanation:

This is another news media instance where "magnesium shavings" are inferred to be hazardous waste. This is a case where the status of the machine turnings is less definite, but could contribute to a wider interpretation. Refer to the notes above.

3. Status of the Secondary Metal Recycling MACT

USEPA continues work on its proposed standards for "Recycling of Secondary Nonferrous Metals." This entails a new standard to be applied to industries recycling metal. It is expected to address mostly heavy metal contamination, but it could be expanded to other chemicals as well. Magnesium is likely to be only a small piece of the new regulations when they are issued.

This new standard is a sub-part of the "Integrated Urban Air Toxics Strategy." This air toxic strategy project has identified 33 HAP's (hazardous air pollutants) of particular concern and it is this list that will be examined in developing the requirements for "Non-ferrous Secondary Metals." (See the Federal Register on July 19, 1999 - Vol. 64, No. 137, pg. 38714 - 38717).

A previous explanation was forwarded to IMA in December of 2004. If you need a copy, feel free to contact me.

The project to develop a new regulation for metal recycling has nearly ground to a halt. EPA was supposed to send out an information request (questionnaire) to a certain fraction of facilities that they presume will be covered under the new regulation. They thought the questionnaire would go out in the spring of 2005. It has not gone out yet. The "questionnaire" is still under review by OMB.

Illium Rosario, who was coordinating efforts for USEPA, has been temporarily reassigned to another division. In his absence, another EPA officer, Karen Rackley, is running the project. She hopes to get the information request out in the next six months.

The previous estimate of having the new regulation finalized by June 2007 has now probably slipped at least a year, to the summer of 2008.

Regarding your point in Item 1 c. on page 3 of your memo, I would appreciate a reference to the IMA publication or publications you are referring to. In my files I found the following IMA publications on the issue:

1) "Particulate Magnesium: Safety Practices", apparently distributed at the 1994 IMA Safety Workshop in Troy Michigan.

2) "Safe Machining and Handling of Magnesium Chips, Turnings & Grindings" also in the Workshop file.

3) "Safe Handling of Magnesium" put out in 1998.

Items 1) & 2) refer to treatment with ferrous chloride. Item 3) does not.

Item 1) contains a preface which provides in part

"In no case should these guidelines be considered a substitute for local, state or national regulations covering particulate magnesium as a hazardous material. Users should identify and comply with those regulations. The information contained in this brochure is intended to support and possibly supplement existing regulations." The last sentence detracts somewhat from the disclaimer.

The NFPA 480 1993 Edition which I have does not really deal with disposal. The 1987 Edition did but does not mention ferrous chloride.

I'm copying Greg Patzer on this. Some IMA publications are being revised, but I don't know which ones. Attention should definitely be paid to your concern.

In the IMA publication "Particulate Magnesium: Safety Practices" on page 5 there are sections titled "Disposal" and "Disposal of Small Quantities of Particulate Magnesium." In writing the memo I was remembering bullet #2. "Treatment with Ferrous Chloride" (Disposal of Small Quantities of Particulate Magnesium) where it describes treatment for disposal. If a regulatory agency deemed magnesium particulate as a characteristic reactive hazardous waste, any of the suggestions in these sections (excepting recycle) could be problematic treatment without a permit.

In the IMA publications "Safe Machining and Handling of Magnesium Chips, Turnings & Grindings" there are similar suggestions for disposal under the "Disposal of Fines and Waste" section

I fully concur that the existing cautionary paragraph you cite from "Particulate Magnesium: Safety Practices" is very good and helpful. Similar language is missing from the other publication "Safe Machining and Handling of Magnesium Chips, Turnings & Grindings."

The publications are correct to emphasize recycling of residual materials as recycling exempts the magnesium particulates and other residues from being classified as hazardous waste.

The main point of my memo was to alert the members of the IMA that some regulators (State of Arizona) have concluded with the acquiescence of the regulated community (Presto Casting) that magnesium particulates are reactive hazardous waste. This is a new and perhaps ominous precedent. As an industry we need to be prepared to work against this conclusion and/or to alert members of potential ramifications.

Thanks for your help

Tom

Confirmation Report - Memory Send

Page : 001
Date & Time: 18-Jan-06 12:26
Line 1 : 724-535-7761
Machine ID : REMACOR WEST PGH

Job number : 657
Date : 18-Jan 12:20
To : 724-935 5183
Number of pages : 008
Start time : 18-Jan 12:24
End time : 18-Jan 12:26
Pages sent : 008
Status : OK

Job number : 657

*** SEND SUCCESSFUL ***



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
412-261-5295

TO: Louis Long, Esq.
Pietragallo, Bosick & Gordon, LLP
FROM: Joseph R. Jackman
Remacor, Inc.
DATE: 1/18/06
SUBJECT: Insurance Claim with Lloyds

Lou, this delay in the settlement of the insurance claim has been very costly to us. We have depleted our working capital just to stay alive over the past five months. We have also been notified by one of our best customers that they are not going to ship material to us for processing until we get the plant operational because of potential environmental problems. Other Mg diecasters/customers are getting concerned about our startup date and could take the same action. We are seeing a drop in shipments received for processing. This is the only source of income we have until startup. If our customers divert their material to others, we may never get it back. We must get some resolution as soon as possible. I am very concerned about our ability to survive much longer.

Please keep in mind, if we don't get a full settlement, and quickly, I will have to shut the plant down and it will become a superfund site because of the huge inventory of hazardous secondary magnesium scrap we have on inventory at the plant. This material would be reclassified as "hazardous waste" if our plant is shut down. No other company in the United States has our technology or capability to recycle these materials. We have roughly 8000 drums of raw materials that, should they become reclassified as hazardous waste and have to be landfilled at a cost of approximately \$400/drum; the total disposal cost would be \$3.2 million.

I am enclosing some information that was sent to me by Meridian Technologies that came from the International Magnesium Association regarding magnesium turnings and fines and the potential cost of dealing with this type material as a hazardous waste. The IMA is saying

"It's Performance That Counts"

Confirmation Report - Memory Send

Page : 001
Date & Time: 18-Jan-06 12:24
Line 1 : 724-535-7761
Machine ID : REMACOR WEST PGH

Job number : 656
Date : 18-Jan 12:19
To : 21-412 261 5295
Number of pages : 008
Start time : 18-Jan 12:20
End time : 18-Jan 12:24
Pages sent : 008
Status : OK

Job number : 656

*** SEND SUCCESSFUL ***



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
412-261-5295

TO: Louis Long, Esq.
Pietragallo, Bosick & Gordon, LLP
FROM: Joseph R. Jackman
Remacor, Inc.
DATE: 1/18/06
SUBJECT: Insurance Claim with Lloyds

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I am enclosing some information that was sent to me by Meridian Technologies that came from the International Magnesium Association regarding magnesium turnings and fines and the potential cost of dealing with this type material as a hazardous waste. The IMA is saying

"It's Performance That Counts"



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
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FAX: (724) 535-7761

VIA UPS OVERNIGHT MAIL

January 18, 2006

Mr. Tom Palisin
Pa Department of Community and
Economic Development
400 North Street
Harrisburg, PA 17120

RE: Possible State or Federal Grant

Dear Tom:

Thanks for calling me last Friday. We would appreciate anything you can do for us. I have enclosed a copy of Remacor, Inc.'s Business Review and Proforma Financial Statements. The Business Review gives you a complete history of Reactive Metals & Alloys Corporation (Remacor), the formation of Remacor, Inc. and our business opportunity.

Remacor, Inc. acquired the assets of Rossborough-Remacor, LLC in January 2004 to further develop the processing technology for the production of magnesium granules from secondary magnesium scrap. Magnesium granules are used in the steel industry for hot metal desulfurization. This material is all imported from China for the entire steel industry in North America. The total market is 30,000 TPY.

Since the production of Mg granules was a minor activity for RRLLC at the West Pittsburg facility after the merger of Rossborough and Reactive Metals & Alloys Corporation in 2001, Remacor, Inc. received approval from MELF (PA Department of Community and Economic Development) in December 2003 to borrow \$1.1 million to install the equipment. We decided to do the project in steps rather than all at one time and revised our loan package to \$200,000. After the installation of the prototype operation, which was in a developmental stage, we went back to MELF in January of 2005 to get additional funds for the additional equipment installation. MELF informed us at this time that they had run out of money and we would have to wait until July to reapply. We decided at that time, because of the amount of time and effort involved with MELF to seek funding elsewhere.

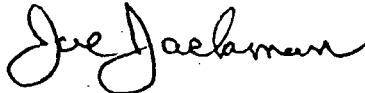
After a year of testing and modifying the equipment, we finally began to produce enough product to be profitable when we had a fire in our warehouse last August. Incidentally, we were completely sold out and could not meet the demand because of insufficient equipment. Since the fire, we have been operating at a much reduced level. Our insurance company has disputed the \$800,000 claim. We engaged a law firm from Pittsburgh and are close to settling the claim with the insurance company. At the time of the fire, we had a total of 35 people working at the plant. We want to get the plant restarted by April 1.

As I mentioned, we would like to obtain a grant of around \$500,000, if that's possible. This would be used to further modify and develop equipment used in the new process. There is still a lot of work to be done on the water filtration and recycling system. The development work on the water system would be done on actual production equipment.

If you need any other information, please don't hesitate to call.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl

CC: Robert Meneses - PRMC

Enclosures (3)



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

January 18, 2006

Mr. Mel Pirchesky
Eagle Ventures
400 South Highland Avenue
Pittsburgh, PA 15206

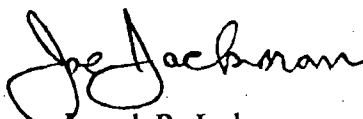
Dear Mel:

As you know, Garry Miller of PENNTAP has been assisting us in trying to secure financing and possibly a federal grant because of our involvement in recycling hazardous materials. Gary indicated he had a conversation with you regarding our situation and knew we had had a prior discussion regarding a possible investor.

In view of the fact, we have revised the four-year forecast; Gary suggested I send you the revision. I hope you can help us.

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

JRJ/mjl

CC: Garry Miller - PENNTAP
Robert Meneses - PRMC



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

January 18, 2006

Mr. Gary Underhill
Business Resource Group, LLC
527 North Market Street
Suite 100
Wooster, OH 44691

RE: Revised Proforma Financials

Dear Gary:

Enclosed are the revised Proforma Financial Statements. We have assumed \$500,000 in equity obtained by April 1 and another \$750,000 financed. We are in the process of discussing a possible SBA 504 loan.

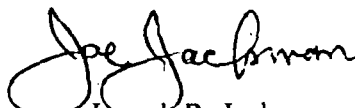
Obviously, our ability to secure the financing through the SBA 504 program would be enhanced greatly with a commitment for equity and by the same token, I would assume that the equity portion would be enhanced by the \$750,000 financing package.

Gary, the capital requirements have been changed dramatically. The forecast I sent you previously was prepared for one of our suppliers who was looking at possibly buying the company.

I will give you a call later in the week or next Monday, after you have had a chance to review this data, to see if there is any chance you could attract an investor.

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

JRJ/mjl

Enclosures



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA UPS OVERNIGHT MAIL

January 17, 2006

Ms. Linda Rolfe
Loan Officer
Mahoning Valley Economic Development Corp.
4319 Belmont Avenue
Youngstown, OH 44505

RE: SBA 504 Loan

Dear Linda:

Pursuant to your conversation with Garry Miller of PENNTAP and me, I have enclosed two copies of Remacor, Inc.'s Business Review and Proforma Financial Statements. The Business Review gives you a complete history of Reactive Metals & Alloys Corporation (Remacor), the formation of Remacor, Inc. and our business opportunity.

Remacor, Inc. acquired the assets of Rossborough-Remacor, LLC in January 2004 to further develop the processing technology for the production of magnesium granules from secondary magnesium scrap. Magnesium granules are used in the steel industry for hot metal desulfurization. This material is all imported from China for the entire steel industry in North America. The total market is 30,000 TPY.

Since the production of Mg granules was a minor activity for RRLLC at the West Pittsburg facility after the merger of Rossborough and Reactive Metals & Alloys Corporation in 2001, Remacor, Inc. received approval from MELF (PA Department of Community and Economic Development) in October 2004 to borrow \$1.2 million to install the equipment. We decided to do the project in steps rather than all at one time and revised our loan package to \$200,000. After the installation of the prototype operation, which was in a developmental stage, we went back to MELF in January of 2005 to get additional funds for the additional equipment installation. MELF informed us at this time that they had run out of money and we would have to wait until July to reapply. We decided at that time, because of the amount of time and effort involved with MELF to seek funding elsewhere.

After a year of testing and modifying the equipment, we finally began to produce enough product to be profitable when we had a fire in our warehouse last August. Incidentally, we were completely sold out and could not meet the demand because of insufficient equipment. Since the fire, we have been operating at a much reduced level. Our insurance company has disputed the \$800,000 claim. We engaged a law firm from Pittsburgh and are close to settling the claim with the insurance company. At the time of the fire, we had a total of 35 people working at the plant. We want to get the plant restarted by April 1.

We want to install additional production equipment that will increase our production capacity from 1000 TPY to 2500 TPY. I have enclosed a Monthly Sales and Income Forecast showing some key factors on the equipment installation in which our total equipment cost would be \$1,000,000. We have received a tentative commitment from an investor group for \$500,000 in equity providing we can secure the equipment financing. Our additional working requirement would be \$250,000. This then would require a \$750,000 equipment loan that we would like to borrow under the SBA 504 loan program. We understand that you can service Lawrence County, PA.

If after reviewing the enclosed data you have interest in pursuing this further, we would be glad to come to your office Monday or Tuesday of next week to further discuss. I will call you Thursday or Friday to see if we can pursue this project.

Sincerely,

REMACOR, INC.



Joseph R. Jackman
President

JRJ/mjl

Enclosures (2)



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

January 16, 2006

BCC: CW
RL
JRJ

Mr. Paul DeArment
Vice President
Sky Bank
101 E. Washington St.
New Castle, PA 16101

RE: Request for a Moratorium on Principal Payments and Revolver Reduction

Dear Paul:

As we discussed last week, we are still sparring with Lloyds on the insurance claim. They offered to settle an \$800,000 claim for \$400,000. As you know, we engaged the services of Pietragallo, Bosick & Gordon of Pittsburgh to assist us in settling this dispute. After a month of thorough investigation, Pietragallo has sent a letter to Lloyds requesting that our claim be paid in full. I sent you a copy of Pietragallo's letter. We will probably have to agree to a compromise settlement in order to prevent a prolonged legal battle. We will keep you informed and will not make any decision without your approval.

I have enclosed December's financial statement. S&T Bank and MELF have both granted us a moratorium on principal payments and we are staying current on all interest payments.

If everything goes as planned, we hope to restart production around March/April 1. Presently, we are having discussions with several interested investors and we are also working with several groups from the Federal Environmental Protection Agency regarding a possible grant and loan. The issues that got the EPA's attention are the recycling of hazardous magnesium waste into a saleable product, reduction of landfilling, significant energy savings and, most importantly, the 46 jobs. We are working with the Pennsylvania Recycling Market Center which is an organization created by the EPA specifically to help businesses in the recycling of waste materials. They seem to have taken a keen interest in our project and are working very diligently to try to secure \$1.0 million for us in the form of a grant or low-interest loan or a combination of both. We also have an investor group that has indicated they would be

Mr. Paul DeArment .

January 16, 2006

Page 2

willing to consider purchasing \$500,000 of convertible subordinated debentures if we can get the financing put together with the EPA.

Paul, it's going to take another month or so to finalize our financing plans, as described above. We need Sky's help in order for us to survive until plant startup the way we are presently operating. We are requesting a moratorium on principal payments on our term loan for the next three months and permit us to use the \$30,000-\$40,000 per month in receivables that we are generating from fees we charge for the raw materials that we receive. There is not sufficient cash for us to continue operation if Sky takes 80% of the receivables to reduce our revolver. We will have to shut down completely and be unable to continue our financing efforts. As a result of the quality adjustment to sales for Almamet and the loss of inventory from the fire, the borrowing base formula will not generate any working capital.

On the business side, the Chinese government has reduced the export rebate on magnesium products to 5% from 13%. The Chinese producer prices are now being increased by 8% which puts the Chinese Mg granule price at about \$0.92/lb delivered. Our forecast shows prices of \$0.80 FOB West Pittsburg. This is still an approximate 11% savings for Rossborough and Hart.

Jim Young, executive vice president with Rossborough, has indicated that they will take all four trucks per month as soon as we restart the plant. We feel Chinese prices are going to continue to climb over the next few years. They have too many environmental and social problems to resolve over the next decade that will require a greater income from their gross national product.

If you have any questions or would like additional information, don't hesitate to call.

Sincerely,

REMACOR, INC.

A handwritten signature in black ink that reads "Joe Jackman". The signature is written in a cursive, flowing style.

Joseph R. Jackman
President

JRJ/mjl

Enclosures (2)

REMACOR, INC.
BALANCE SHEET
December 31, 2005

ASSETS

Current Assets

Cash	\$ 895	
Accounts Receivable	249,768	
Insurance Receivable	622,500	
Inventory	174,039	
Prepaid Expenses	3,460	
Total Current Assets		\$ 1,050,662

Property, Plant and Equipment, Net

618,740

Other Assets

Deposits	24,691	
Loan Cost, Net of Amortization	13,037	
Website Cost, Net of Amortization	2,917	
Patents, Net of Amortization	2,802	
Subordinated Note Cost, Net of Amortization	11,250	
Acquisition Cost Land & Building	23,997	
Total Other Assets		78,694

Total Assets

\$ 1,748,096

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Line of Credit	\$ 460,646	
Current Portion-Long Term Debt	159,785	
Accounts Payable	245,875	
Accrued Expenses	212,698	
Total Current Liabilities		\$1,079,004

Non-Current Liabilities

Long Term Debt, Less Current Portion	725,525	
Convertible Subordinated Debentures	50,000	
Subordinated Notes Payable	300,000	
Total Non-Current Liabilities		1,075,525

Shareholders' Deficit

Common Stock - Par Value \$1.00		
Authorized 2,000 shares; Issued & Outstanding 1,355	1,355	
Paid In Capital	249,920	
Accumulated Deficit	(657,708)	
Total Shareholders' Deficit		(406,433)

Total Liabilities & Shareholders' Deficit

\$ 1,748,096

REMACOR, INC.
Statement of Operations & Accumulated Deficit
For Six Months ended December 31, 2005

	<u>Dec 2005</u>	<u>Year to Date</u>
<u>Sales and Fees</u>	\$ 61,121	\$ 55,052
<u>Operating Cost & Expenses</u>		
Cost of Sales	13,758	268,140
Selling, General & Administrative	22,399	231,367
Depreciation & Amortization	5,695	37,991
Total Operating Cost & Expenses	<u>41,852</u>	<u>537,498</u>
Income or (Loss) From Operations	<u>19,269</u>	<u>(482,446)</u>
<u>Other Income (Expenses)</u>		
Interest Expense	(12,403)	(82,172)
Casulty Income	0	488,726
Miscellaneous	23,500	23,500
Other Income & (Expenses)	<u>11,097</u>	<u>430,054</u>
Income or (Loss)	<u>\$ 30,366</u>	<u>(52,392)</u>
<u>Accumulated Deficit</u>		
Beginning of Year		<u>(605,316)</u>
End of Year		<u>\$ (657,708)</u>

Joseph R. Jackman

From: "Joseph R. Jackman" <remacor@icubed.com>
To: <paulsmithcti@yahoo.com>
Sent: Monday, January 16, 2006 8:53 AM
Subject: Mg Briquettes

Paul, we are presently planning on starting up the plant March 1. Should have material available sometime around April 1. Present price indication is around \$0.30-\$0.35/lb F.O.B. our plant. We are initially planning on producing three to four trucks per month. We sent you some samples last April and you indicated the quality was very good.

Please send me pictures of the BCI briquettes you were telling me about.

Sincerely,
Joseph R. Jackman
President
Remacor, Inc.
P.O. Box 366, Route 168
West Pittsburg, PA 16160
Phone: 724-535-4357
Fax: 724-535-7761

1/16/2006

Joseph R. Jackman

From: "Joseph R. Jackman" <remacor@icubed.com>
To: <rum16@psu.edu>
Cc: "Garry Miller" <sgm10@psu.edu>
Sent: Wednesday, January 11, 2006 10:02 AM
Subject: Energy Savings from Remacor, Inc. Project

Bob, as we discussed this morning, there is a significant energy savings by Remacor's recycling of hazardous magnesium scrap. It requires 27,000 kwh per ton of electrical energy to produce magnesium ingot from electrolytic reduction. On the basis of a 5,000 TPY Mg granule production plant, the energy savings from the metallic magnesium recovery is 135 million kwh per year. Based on our electrical power cost of \$0.065/kwh, the annual energy savings would be approximately \$8.8 million. (I had told you \$5.0 million based on 2,500 TPY.)

The following are some key bullet points regarding our project:

- Financing Requirement - \$1.25 million (Grant or Loan)
- Recycle 6,000-8,000 TPY of hazardous materials
- Produces 5,000 TPY of a Mg granule product
- Reduces landfilling by 71%
- Creates 75 jobs over a three-year period
- Saves 135 million kwh/yr of energy or approximately \$8.8 million @ \$0.065/kwh
- Reduces Chinese imports of approximately \$8.0-\$10.0 million in Mg granule sales to the U.S. steel industry.

If you need any other information, please call. I have additional copies of the financial information that can be sent to the appropriate parties.

Sincerely,
Joseph R. Jackman
President
Remacor, Inc.
P.O. Box 366, Route 168
West Pittsburg, PA 16160
Phone: 724-535-4357
Fax: 724-535-7761

1/11/2006



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
724-535-0814

January 10, 2006

Mr. William D. Beard
General Manager
Gateway Commerce Center
Rural Route #2, Box 2007
Wampum, PA 16157

RE: Recycling of Your Magnesium Swarf

Dear Bill:

It's been a month and a half since we quoted you \$0.75/lb delivered on your magnesium swarf. The magnesium die-casting industry traditionally shuts down at least two to three weeks in December. This was also our slow period. They restart in January and are extremely busy producing for the automotive industry through May. This of course is also our busy period. With our plant being down and having such large inventory, we are limited in some of the material we receive. Since your material is the least desirable, as I have indicated, we now must increase our fee to \$1.00 per lb delivered. Payment terms the same. This offer will only be valid until February 1, as we will be restarting the plant March 1 and have sufficient inventory of more desirable materials to begin processing. Therefore, you only have about a three-week window that we would be willing to accept your material.

Incidentally, we are the only recycler of this type of magnesium scrap in North America. Therefore, your material can be recycled at this plant or you will have to have it legally landfilled, which is going to be extremely costly.

Again, if you decide to ship this material to us, please give me a week's notice so that we can prepare.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

Confirmation Report - Memory Send

Page : 001
Date & Time: 10-Jan-06 16:02
Line 1 : 724-535-7761
Machine ID : REMACOR WEST PGH

Job number : 618
Date : 10-Jan 16:01
To : 724-535 0814
Number of pages : 001
Start time : 10-Jan 16:01
End time : 10-Jan 16:02
Pages sent : 001
Status : OK

Job number : 618

*** SEND SUCCESSFUL ***



Office of the President

P. O. Box 366, Route 168
West Pottsville, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
724-535-0814

January 10, 2006

Mr. William D. Beard
General Manager
Gateway Commerce Center
Rural Route #2, Box 2007
Wampum, PA 16157

RE: Recycling of Your Magnesium Swarf

Dear Bill:

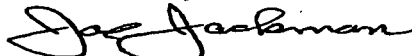
It's been a month and a half since we quoted you \$0.75/lb delivered on your magnesium swarf. The magnesium die-casting industry traditionally shuts down at least two to three weeks in December. This was also our slow period. They restart in January and are extremely busy producing for the automotive industry through May. This of course is also our busy period. With our plant being down and having such large inventory, we are limited in some of the material we receive. Since your material is the least desirable, as I have indicated, we now must increase our fee to \$1.00 per lb delivered. Payment terms the same. This offer will only be valid until February 1, as we will be restarting the plant March 1 and have sufficient inventory of more desirable materials to begin processing. Therefore, you only have about a three-week window that we would be willing to accept your material.

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Again, if you decide to ship this material to us, please give me a week's notice so that we can prepare.

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

"It's Performance That Counts"



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
216-921-3840

January 10, 2006

Mr. Ernest Q. Petrey, Jr.
President
Ardleigh Minerals Inc.
3645 Warrensville Center Road
Suite 223
Shaker Heights, OH 44122

RE: Quotation to Recycle Magnesium Grindings

Dear Ernie:

It was nice meeting and talking with you today. Sorry I had to leave so soon.

As I indicated, we have been recycling scrap magnesium of various forms for over 20 years here at the West Pittsburg facility. We produce a magnesium granule, as I showed you, that is sold into the steel industry for hot metal desulfurization.

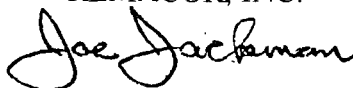
As I mentioned, this material is very fine and our recoveries are extremely low. Under normal conditions, we process around 400,000 lbs per month of various forms of magnesium turnings, flashings and scrap. We charge a fee for recycling all of our various raw materials. The fee that we charge is based on quality, quantities and recoveries. Obviously, the quality of this material is poor and the recoveries we achieve are extremely low. To legally landfill this material would cost somewhere between \$1.60 and \$2.00 per pound depending on freight.

We would be willing to take this material at a processing fee of \$1.25/lb net weight delivered our plant in 55-gallon steel drums with lids. This is based on your quote of 20,000 lbs/month. Terms would be net 30 days pending a satisfactory credit check or a letter of credit.

If you have any questions, please let me know.

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

"It's Performance That Counts"

Confirmation Report - Memory Send

Page : 001
Date & Time: 10-Jan-06 15:32
Line 1 : 724-535-7761
Machine ID : REMACOR WEST PGH

Job number : 617
Date : 10-Jan 15:31
To : 216 921 3840
Number of pages : 001
Start time : 10-Jan 15:31
End time : 10-Jan 15:32
Pages sent : 001
Status : OK

Job number : 617

*** SEND SUCCESSFUL ***



Office of the President

VIA FAX
216-921-3840

P. O. Box 366, Route 166
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

January 10, 2006

Mr. Ernest Q. Petrey, Jr.
President
Ardleigh Minerals Inc.
3645 Warrensville Center Road
Suite 223
Shaker Heights, OH 44122

RE: Quotation to Recycle Magnesium Grindings

Dear Ernie:

It was nice meeting and talking with you today. Sorry I had to leave so soon.

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As I mentioned, this material is very fine and our recoveries are extremely low. Under normal conditions, we process around 400,000 lbs per month of various forms of magnesium turnings, flashings and scrap. We charge a fee for recycling all of our various raw materials. The fee that we charge is based on quality, quantities and recoveries. Obviously, the quality of this material is poor and the recoveries we achieve are extremely low. To legally landfill this material would cost somewhere between \$1.60 and \$2.00 per pound depending on freight.

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If you have any questions, please let me know.

Sincerely,

REMACOR, INC.


Joseph R. Jackman
President

"It's Performance That Counts"



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

January 9, 2006

Mr. Everett J. Burns
Chief Financial Officer
Gemini Holdings, Inc.
11 Stanwix Street
Suite 1450
Pittsburgh, PA 15222

RE: Remacor, Inc. Update

Dear Everett:

It's been almost four months since we last talked and Gemini decided to pass on Remacor. We are still sparring with Lloyds on the insurance claim. They offered to settle an \$800,000 claim for \$400,000. I engaged the services of Pietragallo, Bosick & Gordon of Pittsburgh to assist us in settling the dispute. After a month of thorough investigation, Pietragallo has sent a letter to Lloyds requesting that our claim be paid in full. We will probably reach a compromise settlement sometime before the first of February.

We are still receiving and inventorying SMT and OMS materials which generated \$48,483 in fees in December. The fees along with the \$23,500 sale of some obsolete equipment generated a profit in December of \$31,687. We should have a similar profitability this month. We presently have only two part-time and four full-time employees at the plant.

I have enclosed December's financial statement. You will note that our "air ball" has been reduced by about \$264,000. We are slowly working this down. Sky Bank, S&T and MELF have all granted us a moratorium on principle payments and we are staying current on all interest payments. We are also working with the IRS on a payment plan for the payroll taxes. We are current on all payroll taxes incurred since the fire.

If everything goes as planned, we hope to restart production around March 1. Presently, we are having discussions with several interested investors and we are also working with several groups from the Federal Environmental Protection Agency regarding a possible grant or loan. The issues that got the EPA's attention are the recycling of hazardous magnesium waste into a

Mr. Everett J. Burns

January 9, 2006

Page 2

saleable product, reduction of landfilling, significant energy savings and, most importantly, the 46 jobs. I have also enclosed some data that was submitted to the Pennsylvania Recycling Market Center which is an organization created by the EPA specifically to help businesses in the recycling of waste materials. They seem to have taken a keen interest in our project and are working very diligently to try to secure \$1.0 million for us in the form of a grant or low-interest loan.

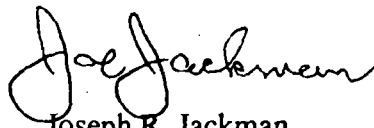
On the business side, the Chinese government has reduced the export rebate on magnesium products to 5% from 13%. The Chinese producer prices are now being increased by 8% which puts the Chinese Mg granule price at about \$0.92/lb delivered. Our forecast shows prices of \$0.80 FOB West Pittsburg. This is still an approximate 11% savings for Rossborough and Hart.

Jim Young, executive vice president with Rossborough, has indicated that they will take all four trucks per month as soon as we restart the plant. We feel Chinese prices are going to continue to climb over the next few years. They have too many environmental and social problems to resolve over the next decade that will require a greater income from their gross national product.

If you have any questions or would like additional information, don't hesitate to call.

Sincerely,

REMACOR, INC.

A handwritten signature in cursive script, appearing to read "Joe Jackman".

Joseph R. Jackman
President

JRJ/mjl

Enclosures (2)

REMACOR, INC.
BALANCE SHEET
December 31, 2005

ASSETS

Current Assets

Cash	\$ (1,130)	
Accounts Receivable	249,768	
Insurance Receivable	622,500	
Inventory	174,039	
Prepaid Expenses	<u>3,460</u>	
Total Current Assets		\$ 1,048,637

<u>Property, Plant and Equipment, Net</u>	618,740
--	----------------

Other Assets

Deposits	24,691	
Loan Cost, Net of Amortization	13,037	
Website Cost, Net of Amortization	2,917	
Patents, Net of Amortization	2,802	
Subordinated Note Cost, Net of Amortization	11,250	
Acquisition Cost Land & Building	<u>23,997</u>	
Total Other Assets		<u>78,694</u>

<u>Total Assets</u>	<u><u>\$ 1,746,071</u></u>
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LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Line of Credit	\$ 460,646	
Current Portion-Long Term Debt	159,785	
Accounts Payable	245,875	
Accrued Expenses	<u>211,933</u>	
Total Current Liabilities		\$1,078,239

Non-Current Liabilities

Long Term Debt, Less Current Portion	722,944	
Convertible Subordinated Debentures	50,000	
Subordinated Notes Payable	<u>300,000</u>	
Total Non-Current Liabilities		1,072,944

Shareholders' Deficit

Common Stock - Par Value \$1.00		
Authorized 2,000 shares; Issued & Outstanding 1,355	1,355	
Paid In Capital	249,920	
Accumulated Deficit	<u>(656,387)</u>	
Total Shareholders' Deficit		<u>(405,112)</u>

<u>Total Liabilities & Shareholders' Deficit</u>	<u><u>\$ 1,746,071</u></u>
---	-----------------------------------

REMACOR, INC.
Statement of Operations & Accumulated Deficit
For Six Months ended December 31, 2005

	<u>Dec 2005</u>	<u>Year to Date</u>
<u>Sales and Fees</u>	\$ 62,508	\$ 56,439
<u>Operating Cost & Expenses</u>		
Cost of Sales	16,336	270,718
Selling, General & Administrative	22,468	231,436
Depreciation & Amortization	5,695	37,991
Total Operating Cost & Expenses	<u>44,499</u>	<u>540,145</u>
Income or (Loss) From Operations	<u>18,009</u>	<u>(483,706)</u>
<u>Other Income (Expenses)</u>		
Interest Expense	(9,822)	(79,591)
Casulty Income	0	488,726
Miscellaneous	23,500	23,500
Other Income & (Expenses)	<u>13,678</u>	<u>432,635</u>
Income or (Loss)	<u><u>\$ 31,687</u></u>	<u>(51,071)</u>
<u>Accumulated Deficit</u>		
Beginning of Year		<u>(605,316)</u>
End of Year		<u><u>\$ (656,387)</u></u>

REMACOR, INC.

INVESTMENT REQUIREMENT FOR

1ST AND 2ND PHASES

EQUIPMENT INSTALLATION

Prepared by: Joseph R. Jackman

Date: January 9, 2006



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

January 9, 2006

Mr. S. Garry Miller
Program Manager
Technology Transfer and Commercialization
Penntap
P.O. Box 701
Lake Harmony, PA 18624

RE: Assistance for Remacor

Dear Garry:

Thanks for coming to visit us last Thursday. I hope you made your meeting in Johnstown on time.

I realize our needs are somewhat out of your area of responsibility but the business opportunity and 46 jobs are so important to this area. Anything you can do will be deeply appreciated.

I will wait to hear from you or Jeanne Dworetzky. Again, thanks for your sincere interest and support.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
724-535-0814

TO: William D. Beard
General Manager
Gateway Commerce Center

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 1/9/06

SUBJECT: **Information Regarding Magnesium Machining/Grinding Fines**

Bill, I just received this information from one of our suppliers regarding Presto Castings' fine of \$95,000 for illegally treating magnesium fines in an attempt to dispose of the material.

Please keep in mind we are a recycler of these products and therefore the material is classified as "hazardous materials" not "hazardous waste". Presently, your material is "hazardous waste" unless you can have a recycler process this material.

If you have any questions, please give me a call.

Sincerely,

A handwritten signature in black ink that reads "Joe Jackman". The signature is written in a cursive, flowing style.

Joseph R. Jackman

To: <remacor@icubed.com>
Sent: Monday, January 09, 2006 8:03 AM
Subject: FW: Magnesium Enviromental Issues

Hi Joe – I want to share some internal correspondence I received and ask that you keep it confidential between us for now.

Are you aware of these situations? I would be interested in your views on this. Does your current process address the concerns?

Issues from the IMA North American EHS Committee

Summary - This document is a brief summary of a couple of potentially important environmental regulatory issues that may affect the magnesium industry in the United States. The major issue involves the regulatory status of fine magnesium particles generated by machining magnesium castings. The other minor issue is and update on proposed regulations that will at some point in the future may affect magnesium-recycling operations.

Regulatory Actions Dealing with Magnesium Machining (Fines)

1. Presto Casting Settles for \$95,0000 for Illegally Treating Hazardous Waste

From the Press (*Arizona Republic* newspaper):

The Arizona Department of Environmental Quality (ADEQ) Wednesday announced that Presto Casting will pay a \$95,000 penalty for illegally treating potentially explosive magnesium fines, or particles.

During a routine inspection of the Glendale-based aerospace company in January 2004, ADEQ inspectors caught Presto personnel treating magnesium fines, a reactive hazardous waste, with water in an open dumpster, releasing hydrogen gas.

"This was a dangerous, uncontrolled reaction because the magnesium particles were spilling out of the dumpster and releasing gas," said Steve Owens, ADEQ director. "If our inspectors hadn't intervened, this dangerous conduct could well have led to a serious fire or explosion."

Owens added that a second inspection in April 2004 revealed that Presto was still improperly treating the waste magnesium fines.

ADEQ issued two Notices of Violation, citing Presto for illegal treatment and disposal of hazardous waste, as well as failure to operate the facility in a way to prevent fires and releases, meet container management requirements, provide training to employees and post emergency information. [Press release from Arizona Dept. of Environmental Quality, dated Sept. 14, 2005].

Explanation:

Presto was cited for illegally treating "*potentially explosive magnesium fines or particles.*" In the press release, ADEQ declares that magnesium fines are a reactive hazardous waste [RCRA Class C - D003]. Under the Resource Conservation and Recovery Act (RCRA) that governs and controls hazardous wastes in the U.S., reactive hazardous wastes can only be treated under the authority of a permit. Usually, industry chooses to send hazardous wastes to authorized (permitted offsite) treatment, storage and disposal (TSD) facilities. Individual industrial sites can obtain TSD permits to handle their own hazardous waste, but to do so requires substantial bonding, insurance,

1/9/2006

employee training, medical monitoring, closure plans, environmental monitoring, etc. In this case, ADEQ decided that 1) magnesium fines are hazardous waste, and 2) Presto was not dealing with them at a permitted facility.

Presto has settled for a fine of \$95,000 (plus, we must assume corrective measures).

It should be noted, at this point, that this determination applies only to the State of Arizona. It has no direct effect on other states; however, it may well be cited as a precedent for actions by other regulatory agencies in other jurisdictions.

There is no specific test that decides whether a material is a "reactive hazardous waste." The regulatory guidelines, in most instances, are general non-specific descriptions. This makes it difficult to objectively declare the classification of "reactive materials" which gives regulatory agencies latitude in how they choose to interpret the rules. However, the preamble language to RCRA suggests that reactive wastes are those that "because of their extreme instability and tendency to react violently or explode pose a problem at all stages of the waste management process." 45 Fed Reg 33109 (May 10, 1980.) It is likely that the magnesium industry rightly believes that magnesium machinings don't meet this characteristic.

Finely divided magnesium has long been classified as Dept. of Transportation "D.O.T. Hazardous." The implications of this are that magnesium fines are regulated in packaging and carrier type by the D.O.T. regulations when transportation is required.

Important Implications for IMA members in the U.S.

- a. To our knowledge, magnesium fines from machining activities have never been regulated in the U.S. as hazardous waste. If this changes, it will markedly affect how the magnesium industry in the U.S. will deal with residues. What has been done routinely in the past will no longer be possible (or legal). If this situation is left as is, with magnesium turnings and fines classified as reactive hazardous waste, it is likely that every magnesium user/producer in the U.S. will be handling hazardous waste and will become subject to RCRA generator rules.
- b. The cost of dealing with fines as reactive waste will be substantial. The cost of handling magnesium fines as reactive hazardous waste at TSD facilities will likely approach \$1,000/drum. There is no general treatment process for deactivating reactive hazardous waste specified by the regulations, they are developed as specific cases. Because magnesium fines have not previously been considered hazardous waste, no treatment standard has been developed and no existing facility is ready to take magnesium "reactive hazardous waste." This lack of authorized facilities will cause delays and problems complying with the RCRA standard should that be required.
- c. The current literature published by the IMA describes processes whereby magnesium fines can be treated to "de-activate" them, so as to retard the formation of flammable/explosive hydrogen. The IMA prescribed methods involve treating the magnesium particles with sodium chloride or ferric chloride solutions. If magnesium fines are designated as reactive hazardous waste, the plans published by IMA are advising a treatment system that may be illegal to undertake in the U.S. without an authorizing permit. I'm not sure of all of the legal ramifications, but we should seek advice from our legal counsel (P. Bowman?).

d. In addition to magnesium machinings, it is a small jump for regulators to classify furnace sludges, flashings and other magnesium recyclables as reactive wastes. This would cause further problems and even greater expense.

Action to be taken:

- a. Monitor the situation. The IMA should stay apprized of the issue. If other regulatory actions are taken, perhaps the IMA should look for opportunities to lobby for the traditional interpretation that regulators have applied to magnesium fines.
- b. North American IMA members should be informed of the potential problems of this situation. Other similar regulatory initiatives need to be identified and addressed.
- c. It would be advisable to collect regulatory decisions that are contrary to the conclusion that fine magnesium particles are hazardous waste. I know of one such decision by the State of Ohio.
- d. Magnesium users/producers should make efforts to recycle all magnesium fines. Recyclable materials, by definition, are not wastes and cannot be considered hazardous waste. Recyclable material largely falls outside the environmental regulations. In declaring fines recyclable, there needs to be a yield of usable materials at the end of the recycling processes.

1b. Marshalltown Co. Sends Magnesium Machining Fines to Roll-Off, Inc. For Recycling

From the Press:

Arkansas Democrat Gazette

Waste Inspections Limited by Jason Schultz October 17, 2005

LOWELL - Local emergency officials said a state environmental inspector averted a potential toxic fire at a Lowell-area warehouse earlier this month when he found tons of flammable materials and hazardous chemicals, and ordered a Northwest Arkansas waste hauler to clean up the site.

But, state officials said they do not have the manpower to keep track of the hazardous waste, and federal laws do not require waste transfer stations to report the hazardous materials they are keeping to emergency personnel.

An Arkansas Department of Environmental Quality inspector reported finding 37, 000 pounds of magnesium shavings at the warehouse at 11675 Mount Hebron Road, west of Lowell, on Oct. 3rd. The inspector also reported finding barrels of jet fuel and unlabeled chemicals.

Magnesium is often used in explosive devices because it burns so hot it can melt a metal, said Bill Krone, the Benton County fire marshal.

"That stuff is horrible. You can't put it out," said Beaver Lake Fire Chief Andy Jaeger, one of the 35 members of the regional hazardous materials response team in Benton and Washington counties.

... A business that stores hazardous waste for other businesses for more than 10 days must also get a permit, said Doug Szenher, spokesman for the state Environmental Quality Department. Inspectors examine the 12 permitted hazardous waste disposal and storage sites once every six months, Szenher said.

State officials considered the Mount Hebron Road warehouse a transfer station, Ezell said. It had become an unpermitted hazardous waste storage facility by the time the inspector found it, he said.

Barker said he was surprised when he learned how much hazardous waste had been found in the warehouse. Barker said he also would like to see more inspection and supervision from the state . .

. . . Ezell of the state Environmental Quality Department said investigators are still looking into the storage problems at the Roll Off warehouse and are investigating at least five possible violations, such as failure to keep the site secure, failure to label chemicals and improper storage. Each violation carries a maximum penalty of \$ 25,000 per day.

Explanation:

This is another news media instance where "magnesium shavings" are inferred to be hazardous waste. This is a case where the status of the machine turnings is less definite, but could contribute to a wider interpretation. Refer to the notes above.

3. Status of the Secondary Metal Recycling MACT

USEPA continues work on its proposed standards for "Recycling of Secondary Nonferrous Metals." This entails a new standard to be applied to industries recycling metal. It is expected to address mostly heavy metal contamination, but it could be expanded to other chemicals as well. Magnesium is likely to be only a small piece of the new regulations when they are issued.

This new standard is a sub-part of the "Integrated Urban Air Toxics Strategy." This air toxic strategy project has identified 33 HAP's (hazardous air pollutants) of particular concern and it is this list that will be examined in developing the requirements for "Non-ferrous Secondary Metals." (See the Federal Register on July 19, 1999 - Vol. 64, No. 137, pg. 38714 - 38717).

A previous explanation was forwarded to IMA in December of 2004. If you need a copy, feel free to contact me.

The project to develop a new regulation for metal recycling has nearly ground to a halt. EPA was supposed to send out an information request (questionnaire) to a certain fraction of facilities that they presume will be covered under the new regulation. They thought the questionnaire would go out in the spring of 2005. It has not gone out yet. The "questionnaire" is still under review by OMB.

Illium Rosario, who was coordinating efforts for USEPA, has been temporarily reassigned to another division. In his absence, another EPA officer, Karen Rackley, is running the project. She hopes to get the information request out in the next six months.

The previous estimate of having the new regulation finalized by June 2007 has now probably slipped at least a year, to the summer of 2008.

Regarding your point in Item 1 c. on page 3 of your memo, I would appreciate a reference to the IMA publication or publications you are referring to. In my files I found the following IMA publications on the issue:

1/9/2006

1] "Particulate Magnesium: Safety Practices", apparently distributed at the 1994 IMA Safety Workshop in Troy Michigan.

2] "Safe Machining and Handling of Magnesium Chips, Turnings & Grindings" also in the Workshop file.

3] "Safe Handling of Magnesium" put out in 1998.

Items 1] & 2] refer to treatment with ferrous chloride. Item 3] does not.

Item 1] contains a preface which provides in part

"In no case should these guidelines be considered a substitute for local, state or national regulations covering particulate magnesium as a hazardous material. Users should identify and comply with those regulations. The information contained in this brochure is intended to support and possibly supplement existing regulations." The last sentence detracts somewhat from the disclaimer.

The NFPA 480 1993 Edition which I have does not really deal with disposal. The 1987 Edition did but does not mention ferrous chloride.

I'm copying Greg Patzer on this. Some IMA publications are being revised, but I don't know which ones. Attention should definitely be paid to your concern.

In the IMA publication "Particulate Magnesium: Safety Practices" on page 5 there are sections titled "Disposal" and "Disposal of Small Quantities of Particulate Magnesium." In writing the memo I was remembering bullet #2. "Treatment with Ferrous Chloride" (Disposal of Small Quantities of Particulate Magnesium) where it describes treatment for disposal. If a regulatory agency deemed magnesium particulate as a characteristic reactive hazardous waste, any of the suggestions in these sections (excepting recycle) could be problematic treatment without a permit.

In the IMA publications "Safe Machining and Handling of Magnesium Chips, Turnings & Grindings" there are similar suggestions for disposal under the "Disposal of Fines and Waste" section

I fully concur that the existing cautionary paragraph you cite from "Particulate Magnesium: Safety Practices" is very good and helpful. Similar language is missing from the other publication "Safe Machining and Handling of Magnesium Chips, Turnings & Grindings."

The publications are correct to emphasize recycling of residual materials as recycling exempts the magnesium particulates and other residues from being classified as hazardous waste.

The main point of my memo was to alert the members of the IMA that some regulators (State of Arizona) have concluded with the acquiescence of the regulated community (Presto Casting) that magnesium particulates are reactive hazardous waste. This is a new and perhaps ominous precedent. As an industry we need to be prepared to work against this conclusion and/or to alert members of potential ramifications.

Thanks for your help

Tom

1/9/2006

Confirmation Report - Memory Send

Page : 001
Date & Time: 09-Jan-06 10:14
Line 1 : 724-535-7761
Machine ID : REMACOR WEST PGH

Job number : 599
Date : 09-Jan 10:12
To : 7245350814
Number of pages : 006
Start time : 09-Jan 10:12
End time : 09-Jan 10:14
Pages sent : 006
Status : OK

Job number : 599

*** SEND SUCCESSFUL ***

1 of 6 Pages



Office of the President

VIA FAX
724-535-0814

TO: William D. Beard
General Manager
Gateway Commerce Center

FROM: Joseph R. Jackman
Remacor, Inc.

DATE: 1/9/06

SUBJECT: Information Regarding Magnesium Machining/Grinding Fines

Bill, I just received this information from one of our suppliers regarding Presto Castings' fine of \$95,000 for illegally treating magnesium fines in an attempt to dispose of the material.

Please keep in mind we are a recycler of these products and therefore the material is classified as "hazardous materials" not "hazardous waste". Presently, your material is "hazardous waste" unless you can have a recycler process this material.

If you have any questions, please give me a call.

Sincerely,

Joe Jackman

P. O. Box 366, Route 168
West Pottsville, PA 16160
(724) 535-4357
FAX: (724) 535-7761

"It's Performance That Counts"

Joseph R. Jackman

From: "Joseph R. Jackman" <remacor@icubed.com>
To: <mbarnhill@platinumequity.com>
Sent: Monday, January 09, 2006 9:15 AM
Subject: Possible Investment in Remacor, Inc.

Dear Mark:

I was president and CEO of Reactive Metals & Alloys Corporation (REMACOR) for 26 years competing with ESM and Rossborough in the hot metal desulfurization business. In July of 2001, Remacor merged with Rossborough to form Rossborough-Remacor, LLC. Due to the continued bankruptcies within the steel industry and poor business decisions in rationalizing the two corporations, RRLLC was forced into bankruptcy in July of 2003. This enabled me to form "Remacor, Inc." and purchase the secondary magnesium scrap processing technology for the production of Mg granules and the 40-acre manufacturing plant located in West Pittsburg, PA from the bankrupt RRLLC estate in January 2004. We have continued the operation producing Mg granules for desulfurization.

We have since developed additional secondary Mg scrap processing technology for which we received a patent last year and have been producing and selling Mg granules to Rossborough, Hart and Almamet GmbH over the past two years. We have had discussions with ESM over the past two years but never really had the production capacity to make any attractive or serious offer.

We presently have plans to expand the production capacity of Mg granules to 5000 TPY. The expanded plant would generate annual sales of \$15-20 million with an EBITDA of \$3-4 million over the next three to four years. We are presently looking for an investor and I thought since Platinum Equity had recently acquired ESM that you might find this opportunity interesting. I know Chuck Wright, president of ESM, and he is familiar with our activities. If you would be interested in further discussion on this subject, please feel free to contact me.

Sincerely,
Joseph R. Jackman
President
Remacor, Inc.
P.O. Box 366, Route 168
West Pittsburg, PA 16160
Phone: 724-535-4357
Fax: 724-535-7761

1/9/2006



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

VIA FAX
412-261-5295

January 4, 2006

Louis C. Long
Attorney-at-Law
Pietragallo, Bosick & Gordon, LLP
The Thirty-Eighth Floor
One Oxford Centre
Pittsburgh, PA 15219

RE: Insurance Settlement

Dear Lou:

It has now been five months since our fire last August 6. As I understand, bad faith on the part of the insurer is any unfounded refusal to pay the proceeds of a claim. I believe their initial compromise offer of \$400,000 on an \$800,000 claim is unreasonable and unjustified. Either we have a valid claim or we don't. We did not just pay half the premiums!!

John Clark has certainly had enough time to thoroughly investigate all the facts in this somewhat confusing situation with "old" Remacor and Remacor, Inc. However, I believe your letters of December 6 and December 20 should have been sufficient for Lloyds to make a decision.

Lou, when does a case like this begin to get the insurer uncomfortable regarding a possible bad faith claim? How long do we have to wait to get this situation resolved?

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

Confirmation Report - Memory Send

Page : 001
Date & Time: 04-Jan-06 16:30
Line 1 : 724-535-7761
Machine ID : REMACOR WEST PGH

Job number : 585
Date : 04-Jan 16:28
To : 1-412 261 5295
Number of pages : 001
Start time : 04-Jan 16:28
End time : 04-Jan 16:30
Pages sent : 001
Status : OK

Job number : 585

*** SEND SUCCESSFUL ***



Office of the President

VIA FAX
412-261-5295

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

January 4, 2006

Louis C. Long
Attorney-at-Law
Pietragallo, Bosick & Gordon, LLP
The Thirty-Eighth Floor
One Oxford Centre
Pittsburgh, PA 15219

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Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

"It's Performance That Counts"



Office of the President

P. O. Box 366, Route 168
West Pittsburg, PA 16160
(724) 535-4357
FAX: (724) 535-7761

January 3, 2006

Mr. Robert Meneses
Market Development Manager
Pennsylvania Recycling Market Center
777 West Harrisburg Pike
Middletown, PA 17063

Dear Bob:

Thanks for the call today. Enclosed is the information I mentioned on the phone. The Business Review and Proforma Financial Statements report gives you a more detailed breakdown of the history of the company, background information on desulfurization in the steel industry, the magnesium industry and the financial forecast.

The Investment Requirement for 1st and 2nd Phases Equipment Installation was put together for potential investors that gives you a quick overview of the opportunity and the investment required to get us back into operation.

I will be presenting this data to Gary Miller this Thursday. If you have any questions or want additional information, please give me a call.

Sincerely,

REMACOR, INC.

Joseph R. Jackman
President

JRJ/mjl

Enclosures (2)